

THE LUNDY COMPANY LIMITED

Annual report and financial statements for the year ended 31 March 2004

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Directors

B E E Smith
Christian Lady Smith

Secretary and registered office

P H Pearce, Shottesbrooke, Maidenhead, Berkshire SL6 3SW

Company number

960421

Auditors

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey KT17 1HS



THE LUNDY COMPANY LIMITED

Report of the directors for the year ended 31 March 2004

The directors present their report together with the audited financial statements for the year ended 31 March 2004.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

The directors are unable to recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is the administration of the Island of Lundy and the carrying out of a programme of improvements on the Island.

The directors expect the current level of activity to continue.

Directors

The directors of the company during the year were:

B E E Smith
Christian Lady Smith

No director had any interest in the ordinary shares of the company.

Christian Lady Smith is also a director of the ultimate parent company, The Landmark Trustee Company Limited, and her membership of that company is shown in its financial statements.

THE LUNDY COMPANY LIMITED

Report of the directors for the year ended 31 March 2004 (*Continued*)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

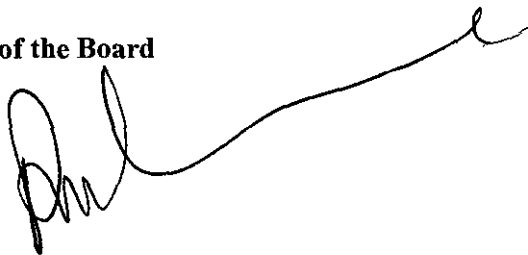
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the Board

Secretary



Date: 09.11.2004

THE LUNDY COMPANY LIMITED

Report of the independent auditors

To the members of The Lundy Company Limited

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and independent auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

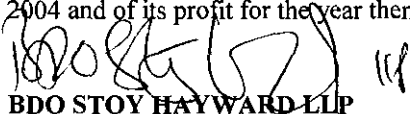
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD LLP

Chartered Accountants
and Registered Auditors
Epsom, Surrey



THE LUNDY COMPANY LIMITED**Profit and loss account for the year ended 31 March 2004**

	Notes	2004 £	2003 £
Turnover	2	1,559,358	1,395,202
Cost of sales		(412,974)	(363,461)
Gross profit		1,146,384	1,031,741
Administrative expenses		(1,249,323)	(1,137,611)
Other operating income		132,603	129,806
Profit on sale of fixed assets		1,840	1,968
Operating profit/(loss)	5	31,504	25,904
Interest payable and similar charges	6	(674)	(1,964)
Retained profit/(loss) for the year		30,830	23,940
Retained loss brought forward		(1,998,109)	(2,022,049)
Retained loss carried forward		(1,967,279)	(1,998,109)

All amounts relate to continuing activities.

There were no recognised gains or losses other than the profit for the year as shown above.

The notes on pages 6 to 11 form part of these financial statements.

THE LUNDY COMPANY LIMITED

Balance sheet at 31 March 2004

	Notes	2004	2003
		£	£
Fixed assets			
Tangible assets	8	2,996,196	3,107,243
Assets under Construction		11,785	7,285
		<u>3,007,981</u>	<u>3,114,528</u>
Current assets			
Stocks	9	101,213	97,133
Prepayments and accrued income		25,572	24,025
Cash in hand		25,966	2,460
		<u>152,751</u>	<u>123,618</u>
Creditors: amounts falling due within one year	10	591,199	577,820
		<u>591,199</u>	<u>577,820</u>
Net current liabilities		(438,448)	(454,202)
		<u>(438,448)</u>	<u>(454,202)</u>
Total assets less current liabilities		2,569,533	2,660,326
Creditors: amounts falling due after more than one year	11	(4,536,712)	(4,658,335)
		<u>(4,536,712)</u>	<u>(4,658,335)</u>
		(1,967,179)	(1,998,009)
		<u>(1,967,179)</u>	<u>(1,998,009)</u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account	13	(1,967,279)	(1,998,109)
		<u>(1,967,279)</u>	<u>(1,998,109)</u>
Equity shareholders' funds		(1,967,179)	(1,998,009)
		<u>(1,967,179)</u>	<u>(1,998,009)</u>

The financial statements were approved by the Board on 09-11-2004

Director



The notes on pages 6 to 11 form part of these financial statements.

THE LUNDY COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2004

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the valuation of livestock and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents the amounts excluding value added tax, receivable by the company for the goods and services provided on the island.

Grants receivable

Grants receivable in respect of capital projects are credited to the balance sheet as deferred income. The balance of the grant is subsequently released to the profit and loss account in proportion to the depreciation charged against the relevant assets.

Revenue grants are taken to the profit and loss account in the period in which they are receivable.

Tangible fixed assets

Additions to tangible fixed assets are stated at cost. Assets acquired prior to 1 April 1999 are stated at their carrying value as at that date.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, except freehold land, evenly over their expected useful lives. Assets under construction at the year end are stated at cost, depreciation will be provided once the assets are complete. It is calculated at the following rates:

Leasehold buildings	-	over the term of the lease
Jetty	-	50 years
Road	-	30 years
Island Infrastructure	-	5 – 25 years
Plant, Fixtures and fittings	-	3 – 10 years
Shipping	-	5 – 15 years

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal. The exception is the valuation of livestock which is based upon an annual valuation.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

THE LUNDY COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2004 (Continued)

3 Employees

	2004 £	2003 £
Staff costs consist of:		
Wages and salaries	516,716	481,660
Social security costs	38,483	33,496
Pensions	8,522	9,456
	<u>563,721</u>	<u>524,612</u>

The average number of employees, including directors and pensioners during the year was 47 (2003 - 46).

4 Directors

	2004 £	2003 £
Directors' emoluments	-	-

5 Operating profit/(loss)

	2004 £	2003 £
This has been arrived at after charging/(crediting):		
Depreciation	190,268	192,384
Auditors' remuneration	5,500	5,500
Profit on sale of fixed assets	(1,840)	(1,968)
Grant	<u>(132,603)</u>	<u>(129,806)</u>

6 Interest payable and similar charges

	2004 £	2003 £
Bank overdraft	<u>674</u>	<u>1,964</u>

THE LUNDY COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2004 (Continued)

7 Taxation on profit from ordinary activities

	2004	2003
	£	£
Taxation on profit on ordinary activities	-	-
Factors affecting the current tax charge for the year		
	2004	2003
	£	£
Profit on ordinary activities before taxation	30,830	23,940
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2003 - 20%)	5,858	4,549
Effects of:		
Expenses not deductible for tax purposes	-	35
Depreciation in excess of capital allowances	28,361	29,840
Non - taxable income	(25,195)	(25,037)
Utilisation of tax losses	(9,024)	(9,387)
Taxation on profit on ordinary activities	-	-

THE LUNDY COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2004 (*Continued*)

8 Tangible assets

	Long leasehold buildings/ road/Island infrastructure £	Jetty £	Plant, fixtures and fittings £	Shipping £	Total £
<i>Cost or valuation</i>					
At 1 April 2003	1,833,163	1,244,081	503,949	878,415	4,459,608
Additions	30,911	-	41,111	9,010	81,032
Disposals	-	-	(8,784)	(5,820)	(14,604)
At 31 March 2004	1,864,074	1,244,081	536,276	881,605	4,526,036
<i>Depreciation</i>					
At 1 April 2003	259,182	89,855	433,754	569,574	1,352,365
Charge in year	74,802	24,882	33,092	56,254	189,030
Disposals	-	-	(5,735)	(5,820)	(11,555)
At 31 March 2004	333,984	114,737	461,111	620,008	1,529,840
<i>Net book value</i>					
At 31 March 2004	1,530,090	1,129,344	75,165	261,597	2,996,196
At 31 March 2003	1,573,981	1,154,226	70,195	308,841	3,107,243

9 Stocks

	2004 £	2003 £
Goods held for resale	97,113	90,612
Raw materials	4,100	6,521
	101,213	97,133

There is no material difference between the replacement cost of stocks and the amounts stated above.

THE LUNDY COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2004 (Continued)

10 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	-	30,404
Trade creditors	97,817	100,185
Taxation and social security	9,288	10,228
Other creditors	278,294	250,667
Accruals and deferred income	205,800	186,336
	<u>591,199</u>	<u>577,820</u>

As the company undertakes charitable activities on behalf of The Landmark Trust, an overdraft facility of £200,000 has been guaranteed by The Landmark Trust enabling the company to meet its debts when they fall due.

11 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Loan from The Landmark Trust	1,951,170	1,949,568
Deferred income	2,585,542	2,708,767
	<u>4,536,712</u>	<u>4,658,335</u>

The loan from The Landmark Trust is wholly due after more than five years and has been provided to support the charitable activities of The Lundy Company Limited which are within the objects of The Landmark Trust.

12 Share capital

	2004 Number	Authorised 2003 Number	2004 £	2003 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
	2004 Number	Allotted, called up and fully paid 2003 Number	2004 £	2003 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

THE LUNDY COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2004 (*Continued*)

13 Reserves

	Profit and loss account £
At 1 April 2003	(1,998,109)
Retained profit for year	30,830
At 31 March 2004	(1,967,279)

14 Ultimate parent company

At 31 March 2004 the company's ultimate parent undertaking was The Landmark Trustee Company Limited, a company registered in England.

15 Going Concern

The financial statements have been prepared on a going concern basis. The parent charity, The Landmark Trust, has undertaken to provide such financial support to the company as it may require for the foreseeable future.

As a result of the above, the directors consider it appropriate to prepare the financial statements on the going concern basis.