The Lundy Company Limited

Report and Financial Statements

Year Ended

31 March 2007

WEDNESDAY

AVQGYUUX

A14 21/11/2007 364

COMPANIES HOUSE

BDO

BDO Stoy Hayward
Chartered Accountants

THE LUNDY COMPANY LIMITED

Annual report and financial statements for the year ended 31 March 2007

Page:

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

B E E Smith
Christian Lady Smith (resigned 30th July 2006)
MD Drury CBE (appointed 16th October 2006)

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 2007

The directors present their report together with the audited financial statements for the year ended 31 March 2007

Results and dividends

The profit and loss account is set out on page 5 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

During the review year, the company continued to pursue its core activities with emphasis focused on a phased programme to secure the main access road from coastal erosion Turnover for the year increased by 13% compared to 2005/06 while visitor numbers to the Island increased by 8% total attendance was 18,338 (2005/06 – 17,048) Stayers at the properties on the Island totalled 4,687 (2005/06 - 4,626)

During the year the company's passenger and supply ship had an exceptional sailing year with few cancelled sailings, reducing our reliance on third party transport but incurring higher running costs as a result Following routine survey, the ship also underwent a major renovation of the foredeck crane contributing to the overhead expenditure in the year

Conservation initiatives on the Island continued with the sponsoring by Natural England of a second permanent warden position

2007/8 will bring a continuation of the focus on securing the access road, Island maintenance and exploring initiatives to further reduce Island energy use and waste

Financial instruments

The company holds or issues financial instruments to finance its operations Operations are financed by a mixture of retained profits, together with an overdraft facility Various financial instruments such as trade debtors and trade creditors arise directly out of the company's operations The company does not enter into any hedging arrangements The company is exposed to liquidity and cash flow risks due to the concentration of its assets in relatively illiquid tangible fixed assets The company had net current liabilities as at the balance sheet date The group of companies of which The Lundy Company is part has an agreed overdraft facility with its bankers Cash flow is monitored by the trustees of the parent company on a regular basis and appropriate action is taken where additional funds are required

Principal risks and uncertainties

The principal ongoing risk to the company is the weather In particular income from day trippers, consisting of income from boat tickets and the Island tavern and shops, can be significantly affected by adverse weather This risk can be mitigated by exploring all possible opportunities to reduce the fixed costs of running the Island

Also inherent to a small island is the risk of an infectious disease such as Foot and Mouth, or a human virus which will spread rapidly within a concentrated population, the most effective response is temporary closure of the Island to visitors which, while unattractive financially, should at least ensure that the infection is contained within the Island

Directors

The directors of the company during the year were

B E E Smith
Christian Lady Smith (resigned 30 July 2006)
MD Drury CBE (appointed 16th October 2006)

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

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed a willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next annual general meeting

By order of the Board

Secretary

Date 14 NOVEMBER 2007

Report of the independent auditors

To the members of The Lundy Company Limited

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out therein

Respective responsibilities of directors and 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 responsibilities of the directors

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 and whether the information given in the report of the directors is consistent with those financial statements We also report to you if, in our opinion, 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 report of the directors 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 International Standards on Auditing (UK and Ireland) 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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

Report of the independent auditors *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007, and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information in the report of the directors is consistent with the financial statements

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
Epsom, Surrey

Date 14 November 2007

THE LUNDY COMPANY LIMITED

Profit and loss account for the year ended 31 March 2007

	Notes	2007	2006 Restated
		£	£
Turnover	2	1,809,564	1,595,617
Cost of sales		(771,035)	(743,977)
Gross profit		1,038,529	851,640
Administrative expenses		(1,178,889)	(1,081,270)
Other operating income		280,833	257,577
Loss on sale of fixed assets		(156)	(1,129)
Operating profit	5	140,317	26,818
Interest payable and similar charges	6	-	-
Retained profit for the year		140,317	26,818

All amounts relate to continuing activities

The notes on pages 7 to 12 form part of these financial statements

THE LUNDY COMPANY LIMITED

Balance sheet at 31 March 2007

	Notes	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	8	2,552,583		2,724,636	
			2,552,583		2,724,636
Current assets					
Stocks	9	125,181		110,069	
Prepayments and accrued income		82,520		53,279	
Cash at bank and in hand		337,079		210,431	
		544,780		373,779	
Creditors: amounts falling due within one year	10	686,331		636,772	
Net current liabilities			(141,551)		(262,993)
Total assets less current liabilities			2,411,032		2,461,643
Creditors: amounts falling due after more than one year	11		(2,173,105)		(2,364,033)
			237,927		97,610
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		237,827		97,510
Shareholders' funds	14		237,927		97,610

The financial statements were approved by the Board and authorised for issue on 14 November 2007

Martin Rhys

Director

The notes on pages 7 to 12 form part of these financial statements

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

Comparative figures for 2005/06

A review of cost classification has resulted in £328,479 of costs previously allocated to Administrative Expenses in 2005/06 to be reallocated to Cost of Sales A review of income classification has resulted in revenue grants of £106,532 previously allocated to Turnover in 2005/06 to be reallocated to Other Operating Income These reclassifications have not affected the reported profit for the year ended 31 March 2006 or the net assets as at the 31 March 2006

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	-	over the term of the lease
Road	-	30 years
Island Infrastructure	-	5 – 25 years
Plant, Fixtures and Fittings	-	3 – 10 years
Shipping	-	5 – 15 years

The useful economic life of the Jetty has been reviewed by the directors and they now consider it prudent to reduce this from 50 years to the term of the lease of the Island

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

3 Employees

	2007 £	2006 £
Staff costs consist of		
Wages and salaries	617,055	579,261
Social security costs	49,301	45,967
Pensions	21,536	21,975
	687,892	647,203

The average number of employees, including directors and pensioners during the year was 55 (2006 - 55) This is calculated on an actual headcount, rather than a full-time equivalent, basis

4 Directors

	2007 £	2006 £
Directors' emoluments	-	-

5 Operating profit/(loss)

	2007 £	2006 Restated £
This has been arrived at after charging/(crediting)		
Depreciation	225,759	202,267
Auditors' remuneration	6,000	6,500
Loss on sale of fixed assets	156	1,129
Release of Deferred Grants	(171,564)	(144,359)

6 Interest payable and similar charges

	2007 £	2006 £
Bank overdraft	-	-

7 Taxation on profit from ordinary activities

	2007 £	2006 £
Taxation on profit on ordinary activities	-	-

Factors affecting the current tax charge for the year

	2007 £	2006 £
Profit on ordinary activities before taxation	140,317	26,818
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2006 – 19%)	26,660	5,095
Effects of		
Expenses not deductible for tax purposes	30	215
Depreciation in excess of capital allowances	36,285	33,030
Non – taxable income	(32,597)	(27,428)
Utilisation of tax losses	(30,378)	(10,912)
Taxation on profit on ordinary activities	-	-

8 Tangible assets

	Long leasehold buildings/ road/Island infrastructure	Jetty	Plant, fixtures and fittings	Shipping	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2006	1,888,783	1,244,081	619,627	883,505	4,635,996
Additions	2,212	-	56,036	2,875	61,123
Disposals	-	-	(14,040)	-	(14,040)
At 31 March 2007	**1,890,995**	**1,244,081**	**661,623**	**886,380**	**4,683,079**
Depreciation					
At 1 April 2006	497,110	164,501	520,290	729,459	1,911,360
Charge in year	77,972	49,051	45,643	53,093	225,759
Disposals	-	-	(6,623)	-	(6,623)
At 31 March 2007	**575,082**	**213,552**	**559,310**	**782,552**	**2,130,496**
Net book value					
At 31 March 2007	**1,315,913**	**1,030,529**	**102,313**	**103,828**	**2,552,583**
At 31 March 2006	1,391,673	1,079,580	99,337	154,046	2,724,636

9 Stocks

	2007	2006
	£	£
Goods held for resale	121,076	104,069
Raw materials	4,105	6,000
	125,181	110,069

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

10 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	122,364	92,469
Taxation and social security	19,406	15,283
Other creditors	292,471	280,491
Accruals and deferred income	252,090	248,529
	686,331	636,772

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

	2007 £	2006 £
Loan from The Landmark Trust	2,106	866
Deferred income	2,170,999	2,363,167
	2,173,105	2,364,033

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

	Authorised			
	2007 Number	2006 Number	2007 £	2006 £
Ordinary shares of £1 each	100	100	100	100

	Allotted, called up and fully paid			
	2007 Number	2006 Number	2007 £	2006 £
Ordinary shares of £1 each	100	100	100	100

13 Reserves

	Profit and loss account £
At 1 April 2006	97,510
Retained profit for year	140,317
At 31 March 2007	237,827

14 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the year	140,317	26,818
Net additions to shareholders' funds	140,317	26,818
Opening shareholders' funds	97,610	70,792
Closing shareholders' funds	237,927	97,610

15 Ultimate parent company

At 31 March 2007 the company's ultimate parent undertaking was The Landmark Trustee Company Limited, a company registered in England

16 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of The Landmark Trust