

Company registration
960421

The Lundy Company Limited
Report and Financial Statements
Year Ended
31 March 2016



The Lundy Company Limited
Annual report and financial statements for the year ended 31 March 2016
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The Lundy Company Limited
Company Information

Directors

B E E Smith
N F Mendoza
Dr A Keay

Secretary

S M Wilkinson

Auditors

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Registered office

Shottesbrooke
Maidenhead
Berkshire
SL63SW

Registered number

960421

The Lundy Company Limited**Registered number: 960421****Directors' Report**

The directors present their report together with the audited financial statements for the year ended 31 March 2016.

Results and dividends

The profit and loss account is set out on page 6 and shows the result 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. Turnover increased 6.3% year on year driven by a 7% increase in staying visitors from 4,833 in 2014/15 to 5,176 in 2015/16. Despite day tripper figures falling for the year from 11,326 in 2014/15 to 10,230 in 2015/16, this did not have a negative impact on food beverages and shop revenue which showed an average increase of 7.8%.

The decrease in day visitors was driven by significantly poorer year on year peak summer weather. The passenger and supply ship M.S. Oldenburg had 14 sailings impacted by adverse weather (2014/15: 5), equivalent to 14% of all scheduled sailings (2014/15: 5%). This also resulted in the standby helicopter service being chartered on 6 occasions (5 in 2014/15) at cost to the company.

While the gross margin % remained broadly constant year on year at 67%, administrative costs rose, driven by an increased wage bill (5% rise on 2014/15) and a focus on maintenance across the island bringing improvements to both staff and letting properties.

The refurbishment of the historic lighthouse continued with the overhaul of the lower lantern room.

In addition, the island's supply ship underwent vital extensive winter repairs during her annual dry dock to ensure she continues to meet current regulation. Unexpected major works to the ship's windlass were identified and completed at a cost of £50,000.

The Lundy Company Limited**Registered number: 960421****Directors' Report****Financial instruments**

Various financial instruments such as trade debtors and trade creditors arise directly out of the company's operations. The company is exposed to liquidity and cashflow risks due to the concentration of its assets in relatively illiquid tangible fixed assets. 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 trading risk to the company is the weather. In particular income from day trippers, consisting of income from boat tickets and the Island tavern and shop, 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.

Our ship, the M.S Oldenburg, is the only scheduled boat service to and from the island for visitors and supplies and is operated by the Company. She is now over 50 years old and is regularly serviced, meeting all statutory certification requirements. A helicopter service, operated by a third party, is in place during the winter months and when the boat is unable to sail due to adverse weather conditions.

Directors

The following persons served as directors during the year:

B E E Smith
N F Mendoza
Dr A Keay

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

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period.

The Lundy Company Limited

Registered number: 960421

Directors' Report

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

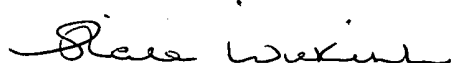
Auditors

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 purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant information of which the auditors are unaware.

BDO 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.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board on 10 November 2016 and signed by its order.



S M Wilkinson
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LUNDY COMPANY SHOTTESBROOKE LIMITED

We have audited the financial statements of The Lundy Company Limited for the year ended 31 March 2016 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the company and its environment obtained during the course of the audit, we have identified no material misstatements in the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

BDO LLP

Fiona Condron (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick

Date: *16 NOVEMBER 2016*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Lundy Company Limited
Profit and Loss Account
for the year ended 31 March 2016

	Notes	2016 £	Restated 2015 £
Turnover	1	2,193,085	2,063,202
Cost of sales		(729,163)	(679,062)
Gross profit		<u>1,463,922</u>	<u>1,384,140</u>
Administrative expenses		(1,811,789)	(1,717,988)
Other operating income		174,750	201,496
Operating loss	4	<u>(173,117)</u>	<u>(132,352)</u>
Interest receivable		1,017	781
Loss on ordinary activities before taxation		<u>(172,100)</u>	<u>(131,571)</u>
Tax on loss on ordinary activities		-	-
Loss for the financial year	11	<u>(172,100)</u>	<u>(131,571)</u>

All amounts relate to continuing activities. There were no other gains or losses for the year.

The Lundy Company Limited
Balance Sheet
as at 31 March 2016

Company Number 960421

	Notes	2016 £	Restated 2015 £
Fixed assets			
Tangible assets	5	2,023,622	2,192,857
Current assets			
Stocks	6	160,975	154,662
Debtors	7	58,479	62,823
Cash at bank and in hand		117,851	24,121
		<u>337,305</u>	<u>241,606</u>
Creditors: amounts falling due within one year	8	(1,286,107)	(1,181,113)
Net current liabilities		<u>(948,802)</u>	<u>(939,507)</u>
Total assets less current liabilities		<u>1,074,820</u>	<u>1,253,350</u>
Provisions for liabilities	9	(37,000)	(43,430)
Net assets		<u>1,037,820</u>	<u>1,209,920</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	1,037,720	1,209,820
Shareholder's Funds	12	<u>1,037,820</u>	<u>1,209,920</u>

The financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.



N F J Mendoza
 Director

Approved by the board on 10 November 2016

The Lundy Company Limited
Notes to the Accounts
for the year ended 31 March 2016

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, including Financial Reporting Standard FRS 102 Section 1A.

The following principal accounting policies have been applied:

Reconciliation with previous generally accepted accounting practice

In preparing the accounts, the directors have considered whether, in applying the accounting policies required by FRS 102, the restatement of comparative items was required. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard. They are as follows:

i) Short-term employee benefits.

At the date of transition, in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement to paid annual leave. The initial liability at the transition date was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. This initial liability on 1 April 2014 was £13,428 and on 31 March 2015 was £14,048.

ii) Grant Income

Government grants received in respect of capital projects had previously been credited to the balance sheet and subsequently released to the profit and loss account in proportion to the depreciation charged against the relevant assets but are now recognised as income when performance conditions are met. The balance of these grants at 1 April 2014 was £1,450,909. This was released to the profit and loss account during the year to 31 March 2015. In accordance with the requirements of FRS 102, a reconciliation of opening balances is provided:

Reconciliation of Equity	At 1 April 2014	At 31 March 2015
	£	£
Capital and reserves (as previously stated)	(95,990)	(120,165)
Short-term compensated absences	(13,248)	(14,048)
Use of performance model for recognition of grant income	1,450,909	1,344,133
Capital and reserves (as restated)	<u>1,341,491</u>	<u>1,209,920</u>
Reconciliation of Profit and Loss for the year		2015
		£
Loss for the year (as previously stated)		(24,175)
Short-term compensated absences		(620)
Use of performance model for recognition of grant income		(106,776)
Loss for the year (as restated)		<u>(131,571)</u>

Cash flow statement

The company has taken advantage of the small company exemption conferred by Section 1A of FRS 102, not to prepare a cash flow statement.

Turnover

Turnover represents the amounts excluding value added tax receivable by the company for the goods and services provided on the island. Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

Grants receivable

Government grants in respect of capital projects are recognised in the profit and loss account when performance conditions are met.

Tangible fixed assets

The Lundy Company Limited
Notes to the Accounts
for the year ended 31 March 2016

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. Assets with a cost of less than £2,000 are taken to profit and loss account in the year of acquisition.

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
Plant, fixtures and fittings	3 - 10 years
Shipping	5 - 15 years

The Island infrastructure and jetty are depreciated so as to be fully written off by the end of the current lease with the National Trust in 2029.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on either the cost of purchase on a first in, first out basis, or using an estimate based on the aggregate sales margin where historic cost is not known. Net realisable value is based on estimated selling price less additional costs to completion and disposal. The value of livestock is based upon an annual valuation.

Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

The Lundy Company Limited
Notes to the Accounts
for the year ended 31 March 2016

2 Employees	2016	2015
	£	£
Staff costs consist of:		
Wages and salaries	752,987	716,211
Social security costs	56,996	52,584
Pensions	37,470	33,307
	<u>847,453</u>	<u>802,102</u>

The average number of employees, calculated on a full time equivalent basis during the year was 42 (2015-40)

The average number of employees, calculated on an actual headcount basis during the year was 49 (2015-47)

Directors' emoluments for the year were Nil (2015-Nil)

3 Taxation on loss on ordinary activities	2016	2015
	£	£
Taxation on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>
<i>Factors affecting the current tax charge for the period</i>		
	2016	2015
	£	£
Loss on ordinary activities before taxation	<u>(172,100)</u>	<u>(131,571)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015-20%)	(34,420)	(26,314)
Effects of:		
Depreciation in excess of capital allowances	34,650	33,955
Movement on provisions	(1,286)	(114)
Non - taxable income		
Gift Aid payments	(203)	(156)
Increase/(decrease) in tax losses	<u>1,259</u>	<u>(7,371)</u>
	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The unrecognised deferred tax asset is £254,260 at 20% (2015-£234,455 at 20%) which is made up of trading losses. A deferred tax asset has not been recognised at 31 March 2016 due to uncertainty over the timing of its recoverability.

4 Operating loss	2016	2015
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	191,998	192,503
Auditors' remuneration	<u>8,755</u>	<u>5,994</u>

The Lundy Company Limited
Notes to the Accounts
for the year ended 31 March 2016

5 Tangible fixed assets

	Long leasehold buildings/road/ island infrastructure /Jetty £	Plant, fixtures and fittings £	Shipping £	Total £
Cost				
At 1 April 2015	4,157,708	583,062	838,747	5,579,517
Additions	-	22,762	-	22,762
At 31 March 2016	<u>4,157,708</u>	<u>605,824</u>	<u>838,747</u>	<u>5,602,279</u>
Depreciation				
At 1 April 2015	2,020,834	527,078	838,747	3,386,659
Charge for the year	174,039	17,959	-	191,998
At 31 March 2016	<u>2,194,873</u>	<u>545,037</u>	<u>838,747</u>	<u>3,578,657</u>
Net book value				
At 31 March 2016	<u>1,962,835</u>	<u>60,787</u>	<u>-</u>	<u>2,023,622</u>
At 31 March 2015	<u>2,136,874</u>	<u>55,984</u>	<u>-</u>	<u>2,192,858</u>

6 Stocks

	2016 £	2015 £
Goods held for resale	101,234	90,896
Raw materials	9,857	3,525
Livestock	49,883	60,241
	<u>160,974</u>	<u>154,662</u>

There is no material difference between replacement cost of stock and the amount stated above.

7 Debtors

	2016 £	2015 £
Trade debtors	7,505	14,351
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	-
Prepayments and accrued income	50,974	48,472
	<u>58,479</u>	<u>62,823</u>

8 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	136,075	63,777
Amounts owed to group undertakings and undertakings in which the company has a participating interest	534,120	532,147
Other taxes and social security costs	18,222	21,225
Other creditors accruals and deferred income	597,690	563,964
	<u>1,286,107</u>	<u>1,181,113</u>

The Lundy Company Limited
Notes to the Accounts
for the year ended 31 March 2016

9 Provision for future pension costs (note 15)

	2016	2015
	£	£
	<u>37,000</u>	<u>43,430</u>

10 Share capital

	Nominal value	2016 Number	2016 £	2015 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	100	<u>100</u>	<u>100</u>

11 Profit and loss account

	2016 £	2015 £
at 1 April	1,209,820	1,341,391
Loss for the year	(172,100)	(131,571)
At 31 March	<u>1,037,720</u>	<u>1,209,820</u>

12 Reconciliation of movements in shareholder's funds

	2016 £	2015 £
Loss for the year	<u>(172,100)</u>	<u>(131,572)</u>
Net reduction to shareholder's funds	<u>(172,100)</u>	<u>(131,572)</u>
Opening shareholder's funds	<u>1,209,919</u>	<u>1,341,491</u>
Closing shareholder's funds	<u>1,037,819</u>	<u>1,209,919</u>

13 Ultimate parent company

At 31 March 2016 the company's ultimate parent undertaking was The Landmark Trustee Company Limited, a company registered in England.

14 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 102, not to disclose any transactions with entities that are included in the consolidated financial statements of The Landmark Trust.

The Lundy Company Limited
Notes to the Accounts
for the year ended 31 March 2016

15 Provisions for pension costs

The company accounts for the costs of four former employees on a basis consistent with the requirements of FRS 102.

An actuarial valuation was carried out by Broadstone, an independent actuary, at 31 March 2016. The major assumptions used by the actuary were:

Discount rate	3.4% pa
RPI inflation rate	2.9% pa
CPI inflation rate	1.9% pa
Pension increase rate	1.9% pa

	2016 £	2015 £
Analysis of the provision		
At 1 April	43,430	44,000
Current service cost	(6,430)	(570)
At 31 March	<u>37,000</u>	<u>43,430</u>

It should be noted that given that individual circumstances of pensioners are necessarily not taken into account along with the very small numbers of pensioners involved there is likely to be a higher amount of uncertainty around the valuation than one might expect in larger schemes.