3278093

Eden Project Limited

Report and Financial Statements

28 March 2004

Ernst & Young

Registered No: 3278093

Directors

Non Executive Chairman
Mr K Hill

Non Executive Directors
Mr C McAlpine
Mr D McCormick – alternate director to Mr C McAlpine (resigned 10 September 2003)
Dr A Stanhope
Mr P Hardaker
Mr J R Sandbrook (resigned 4 November 2003)
Mr R Eyre
Mr P Newey (appointed 1 July 2003)

Executive Directors
Mr T Smit – Chief Executive Officer
Mrs S G Coley – Development Director
Mr P Cox – Finance Director
Mr M Jones – Operations Director
Dr A Kendle – Foundation Director
Mr D Meneer – Marketing Director

Company Secretary
Mr P Cox

Bankers
National Westminster Bank plc
1 Church Street
St Austell
Cornwall
PL25 4AW

Auditors
Ernst & Young
Broadwalk House
Southernhay West
Exeter
EX1 1LF

Registered Office
Bodelva
Par
Cornwall
PL24 2SG

Directors' report

The directors present their report and accounts for the period ended 28 March 2004. Comparative figures are presented for the year ended 31 March 2003.

Principal activity

The principal activity of the company is the operation and continued development of the Eden Project - one of the UK's top landmark projects created to promote understanding of the vital relationship between people and plants and issues surrounding sustainable development. The company is wholly owned by the Eden Trust, a non-profit making charitable organisation. The activities of the Eden Trust currently relate solely to the development of the Eden Project.

Results and review of the business

The Project opened in full to the public, on time and on budget on 17 March 2001. The initial response has been very positive with nearly 5.1 million visitors in the period from opening to 28 March 2004.

As detailed in the Profit and Loss Account on page 6, the company had a deficit for the period of £4,164,356 and the directors do not recommend the payment of a dividend. This deficit is after bearing a depreciation charge of £6,678,414 but after receiving the benefit of a deferred income credit of £1,862,617 (a net effect of £4,815,797) neither of which are cashflows during the period. The figures appearing in the boxes on the Profit and Loss Account show what the operating profit and retained profit would have been if the effect of the £4,815,797 is ignored.

There has been a significant decrease in turnover of some £4.1 million and the operating loss is some £1.3 million greater than that sustained in the year to 31 March 2003. This is principally due to reduced visitor numbers.

In addition, as detailed in the Statement of Cash Flows on page 8 the company generated an operating cash inflow of £2,459,522 and a net cash outflow after financing of £447,006. This net cash outflow compares with an outflow of £3.5 million last year.

The total capital cost of the Project to date, reflected in the tangible fixed assets of the company, is some £98 million. The Eden Trust has received grant funding of approximately £43.2 million in relation to the construction of the Project from the Millennium Commission and of this some £39 million has been passed down from the Eden Trust to the company by way of an interest free loan in order to acquire the assets.

Had the Millennium Commission monies been received as a grant by the company, this would have been treated in accordance with UK Generally Accepted Accounting Practice and accrued in the balance sheet and released to the profit and loss account over the life of the assets to which it relates, thereby mitigating the depreciation charge. This is the treatment adopted in respect of those grants which were received directly by the company which has resulted in the release to the profit and loss account during the period under review of £1,862,617. However, in the accounts of the Eden Trust, the Millennium Commission grant has been treated in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities issued in October 2000 and was shown as income in the period received and is hence reflected in the accumulated reserves of the Trust. It is this mismatch between the receipt of the grant by the Eden Trust and the depreciation charge in the company, which increases the reported deficit for the company.

It is this mismatch which also results in the negative net assets of £8,788,217 shown in the company's balance sheet which is caused by the existence of the intercompany loan of £39 million referred to above.

Directors' report

Share capital

Upon incorporation the company's two subscriber shares (the 'A' shares) were transferred to the Trustees of the Eden Trust to hold the shares on behalf of the Trust. A new charitable company, The Eden Trust - a company limited by guarantee, took over all the assets, obligations and liabilities of the old Trust on 2 August 2002 including the 'A' shares in the company. Its Trustees are the same as the old Trust. Six 'B' Shares were issued to R B Leasing (Eden) Limited in March 2000 as part of the financing arrangements detailed in note 24. 'B' shares restrict the rights of the holders of these shares to participate in the profits of the company.

Directors and their interests

The directors have no interest in the share capital of the company requiring disclosure under the Companies Act 1985.

Directors' responsibilities for the accounts

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 which enable them to ensure that the accounts 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

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board

Mr P Cox
Director / Company Secretary

20.9.2004

Independent auditors' report

to the members of Eden Project Limited

We have audited the company's financial statements for the period ended 28 March 2004 which comprise the Profit and Loss Account, Balance Sheet, Statement of Cash Flows and the related notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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.

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.

ERNST & YOUNG

Independent auditors' report

to the members Eden Project Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 28 March 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst + Young LLP

Ernst & Young LLP
Registered Auditor
Exeter

21.9.2004

Profit and loss account

for the period ended 28 March 2004

	Notes	2004 £	2003 £
Turnover		18,281,331	22,399,103
Cost of sales excluding depreciation		12,049,145	13,762,194
Depreciation		6,678,414	6,395,483
		18,727,559	20,157,677
Gross (loss)/profit		(446,228)	2,241,426
Operating expenses			
Administrative expenses		(6,792,874)	(7,330,394)
Other operating income	2	3,931,438	3,048,441
Operating profit (before depreciation and release of deferred income)		*1,508,133*	*2,360,329*
Operating loss (after depreciation)	3	(3,307,664)	(2,040,527)
Interest receivable		2,320,650	2,106,221
Interest payable and similar charges	6	(3,177,342)	(3,264,513)
Loss on ordinary activities before taxation		(4,164,356)	(3,198,819)
Taxation	7	-	-
Retained profit (before depreciation and release of deferred income)		*651,441*	*1,202,037*
Retained loss	18	(4,164,356)	(3,198,819)
Profit and loss account at 1 April 2003		(4,623,869)	(1,425,050)
Profit and loss account at 28 March 2004		(8,788,225)	(4,623,869)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the loss attributable to shareholders of the company of £4,164,356 in the period ended 28 March 2004 and the loss of £3,198,819 in the period ended 31 March 2003.

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Balance sheet

at 28 March 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	8	79,302,152	79,728,602
Investments	9	41,494,878	41,374,238
		120,797,030	121,102,840
Current assets			
Stocks	10	480,612	774,876
Debtors	11	731,892	564,857
Cash at bank and in hand		-	72,003
		1,212,504	1,411,736
Creditors: amounts falling due within one year	12	(45,528,862)	(44,841,485)
Net current liabilities		(44,316,358)	(43,429,749)
Total assets less current liabilities		76,480,672	77,673,091
Creditors: amounts falling due after more than one year	13	(60,924,862)	(61,002,734)
Deferred income	15	(24,344,027)	(21,294,218)
		(8,788,217)	(4,623,861)
Capital and reserves			
Called up share capital - equity	17	8	8
Profit and loss account	18	(8,788,225)	(4,623,869)
Total shareholders' funds	18	(8,788,217)	(4,623,861)

KHill

Mr K Hill
Chairman

Mr P Cox
Director / Company Secretary

20. 9. 2004

Statement of cash flows

for the period ended 28 March 2004

	Notes	2004 £	2003 £
Cash inflow from operating activities after Grants transferred by The Eden Trust	19(a)	2,459,522	57,853
Returns on investment and servicing of finance			
Interest paid		(898,338)	(1,672,230)
Interest received		2,320,650	2,106,221
Interest element of finance lease rental payments		(2,148,736)	(2,148,736)
		(726,424)	(1,714,745)
Taxation			
UK corporation tax		-	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(6,151,964)	(10,036,805)
Capital grants received		4,912,426	7,860,080
Net (increase)/decrease in investments	9	(120,640)	151,844
		(1,060,178)	(2,024,881)
Financing			
Net movement in borrowings	14	(819,926)	175,367
Increase in finance lease obligations	13	-	-
		(819,926)	175,367
Decrease in cash	19(c)	(447,006)	(3,506,406)

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Notes to the accounts

at 28 March 2004

1 Accounting policies

Fundamental Accounting Concept

The parent undertaking is obliged to pass on to the company funds received for the specific purpose of constructing and delivering its major capital project (the Eden Project). It has also agreed not to recall the amounts advanced to the company in respect of the Millennium Commission and other grants, which at 28 March 2004, amounted to £39,474,223 in preference to third party creditors.

The directors believe that it is therefore appropriate to prepare the accounts on a going concern basis.

Accounting convention

The accounts are prepared under the historical cost convention.

Turnover

Turnover, which is stated net of value added tax, is attributable to the operating activities of the Eden Project, including admission fees, retail and catering.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives. This has been provided at the following rates:

Biomes	- straight line over 18 years
Buildings and infrastructure	- straight line between 18 to 50 years
Plant and machinery	- straight line between 5 to 10 years
Computer equipment	- straight line over 3 years
Fixtures, furniture and fittings	- straight line over 3 years

Assets in the course of construction are not depreciated until completion whereupon they are transferred to the appropriate fixed asset category and depreciated as above.

Stocks

Stocks are stated at lower of cost and net realisable value.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the accounts

at 28 March 2004

1 Accounting policies (continued)

Grants and Donations

Grants and donations in respect of capital expenditure are included in deferred income, as shown in note 15 and released to the profit and loss account over the useful lives of the assets once they are brought into use. Grants and donations of a revenue nature are credited to income in the period to which they relate.

Capitalisation of interest

Interest on loan finance in relation to the initial building project was capitalised as Tangible Fixed Assets and is being written off over the useful life of the assets to which it relates.

2 Other operating income

	2004	*2003*
	£	*£*
Release of deferred income	1,862,617	1,994,627
Release of publishing development fund	28,899	98,371
Other grants and donations	1,154,052	187,860
Miscellaneous income	9,252	204,800
Tax reclaims under Gift Aid	876,618	562,783
	3,931,438	3,048,441

3 Operating loss

This is stated after charging/(crediting):

		2004	*2003*
		£	*£*
Auditors' remuneration		20,000	20,000
Depreciation		6,678,414	6,395,483
Operating lease rentals	- plant & machinery	79,640	23,000
	- land & buildings	25,000	25,000
Other operating income	- grants and donations	(1,154,052)	(187,860)
Release of deferred income		(1,862,617)	(1,994,627)

4 Directors' emoluments

	2004	*2003*
	£	*£*
Emoluments	512,550	589,282
Company contributions to pension scheme	27,259	19,321

The emoluments in respect of the highest paid director were £137,700 (2003 - £169,750), with no contributions to a pension scheme.

Notes to the accounts

at 28 March 2004

5 Staff costs

	2004 £	2003 £
Wages and salaries	7,391,098	7,654,983
Social security costs	562,869	634,237
Pension costs	137,489	114,509
	8,091,457	8,403,729

The average number of employees during the period was as follows:

	2004 No.	2003 No.
Administration	93	97
Technical support	26	21
Horticulture	61	69
Operations	373	443
	553	630

6 Interest payable and similar charges

	2004 £	2003 £
Bank overdrafts	689	794
Other loans	1,027,917	1,114,983
Finance charges	2,148,736	2,148,736
	3,177,342	3,264,513

Notes to the accounts

at 28 March 2004

7 Taxation

a) Tax on loss on ordinary activities

	2004	2003
	£	£
Corporation tax	-	-
Deferred tax	-	-
	-	-

b) Factors affecting current tax charges

The tax assessed on the loss on ordinary activities for the period is reconciled below:

	2004	2003
	£	£
Loss on ordinary activities before tax	(4,164,356)	(3,198,819)
Loss of ordinary activities multiplied by standard rate of corporation tax of 30%	(1,249,307)	(959,646)
Non taxable income expenses not deductible for tax purposes	(470,711)	(498,869)
Depreciation in excess of capital allowances	795,018	793,515
Deferred tax on loss not provided	925,000	665,000
Current tax charge	-	-

c) Factors that may affect future tax charges

The company has trading losses carried forward of approximately £7.5 million. These losses are not expected to be utilised in the short term and consequently no deferred tax asset has been recognised in these accounts.

Notes to the accounts

at 28 March 2004

8 Tangible fixed assets

	Freehold land	Assets in the course of construction	Buildings and infrastructure	Biomes	Plant and machinery	Computer equipment	Fixtures, furniture and fittings	Total
	£	£	£	£	£	£	£	£
Cost								
At 1 April 2003	1,156,861	-	58,227,132	21,160,166	10,279,074	853,524	403,746	92,080,503
Additions	37,000	4,272,920	610,067	300,698	85,788	817,025	128,466	6,251,964
At 28 March 2004	1,193,861	4,272,920	58,837,199	21,460,864	10,364,862	1,670,549	532,212	98,332,467
Depreciation								
At 1 April 2003	-	-	6,125,217	2,361,616	3,161,441	569,045	134,582	12,351,901
Charge for the period	-	-	3,168,745	1,192,270	1,583,145	556,850	177,404	6,678,414
At 28 March 2004	-	-	9,293,962	3,553,886	4,744,586	1,125,895	311,986	19,030,315
Net book value								
At 31 March 2004	1,193,861	4,272,920	49,543,237	17,906,978	5,620,276	544,654	220,226	79,302,152
At 28 March 2003	1,156,861	-	52,101,915	18,798,550	7,117,633	284,479	269,164	79,728,602

The main capital development is at Bodelva, Par, Cornwall, PL24 2SG. At the balance sheet date, the Eden Trust possessed legal ownership of this site.

The majority of the fixed assets are subject to security arrangements with the funders to the Project.

Assets in the course of construction represent the phase IV Capital Project which has not been completed at the period end. No depreciation has been charged on these assets. These assets will be reanalysed to the appropriate fixed asset category when the project is completed and depreciation will be charged from that date.

Notes to the accounts

at 28 March 2004

9 Investments

	Subsidiary undertaking	*Bank deposit*	*Total*
	£	£	£
Cost:			
At 1 April 2003	1	41,374,237	41,374,238
Disposal	-	(2,148,736)	(2,148,736)
Additions	-	2,269,376	2,269,376
At 28 March 2004	1	41,494,877	41,494,878

Under the financing transactions (see Note 24), the company is required to place amounts on deposit, as shown above, as security for the lease payments.

Subsidiary Undertaking

Name of Company	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*
Eden Project (OA) Limited	1	100%	Dormant

10 Stocks

	2004	*2003*
	£	£
Goods for resale	480,612	774,876

The replacement cost of stocks is not considered to be materially different from that shown in the balance sheet.

11 Debtors

	2004	*2003*
	£	£
Amounts falling due within one year:		
Trade debtors	262,706	382,538
Other debtors	303,980	43,209
Prepayments and accrued income	165,206	139,110
	731,892	564,857

Notes to the accounts

at 28 March 2004

12 Creditors: amounts falling due within one year:

	2004 £	2003 £
Bank overdraft	375,003	-
Trade creditors	1,249,352	1,457,981
Bank and other loans (note 14)	940,000	1,682,054
Other creditors	6,322	200,021
Amounts owed to group undertakings	39,899,663	39,518,178
Taxation and social security	492,896	253,133
Accruals and deferred income	2,565,626	1,730,118
	45,528,862	44,841,485

Amounts owed to group undertakings:

	2004 £	2003 £
Grants received by the Eden Trust and passed to the company by way of interest free loan	39,474,223	39,474,223
Current account balance	125,440	(256,045)
Loans from Eden Trust – amounts due less than one year (note 14)	300,000	300,000
	39,899,663	39,518,178

13 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Other Loans (note 14)	15,412,394	15,490,266
Finance Lease (note 24)	45,512,468	45,512,468
	60,924,862	61,002,734

Notes to the accounts

at 28 March 2004

14 Loans

	2004 £	2003 £
Not wholly repayable within five years:		
£1,500,000 loan at 2.5% above LIBOR repayable £300,000 on 30 June 2004, £500,000 on 30 June 2005 and £700,000 on 30 June 2006	1,500,000	1,942,054
£1,000,000 loan from the Eden Trust at 0.55% above LIBOR repayable 2 July 2009	1,000,000	1,000,000
£3,000,000 loan from the Eden Trust at 6% repayable in 10 annual instalments commencing 1 October 2001	2,100,000	2,400,000
£10,500,000 loan at 2.5% above LIBOR plus MLA repayable £550,000 on 31 October 2004; repayable £650,000 on 31 October 2005; repayable £1,750,000 on 31 October 2006; repayable £2,600,000 on 31 October 2007; repayable £2,850,000 on 31 October 2008; and repayable £2,850,000 on 31 October 2009 The balance includes interest rolled up	11,250,000	11,250,000
£900,000 loan at 1.75% above Bank's Base Rate repayable in monthly instalments over 10 years commencing January 2003	802,394	880,266
	16,652,394	17,472,320
Less: included in creditors falling due within one year		
Bank and other loans	940,000	1,682,054
Amounts owed to group undertakings	300,000	300,000
	1,240,000	1,982,054
	15,412,394	15,490,266

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Notes to the accounts

at 28 March 2004

14 Loans (continued)

	2004	2003
	£	£
Amounts repayable:		
In less than one year	1,240,000	1,982,054
In 2-5 years	10,610,000	7,160,000
In more than 5 years	4,802,394	8,330,266
	16,652,394	17,472,320

The loans are secured by fixed and floating charges over the assets of the company.

15 Deferred income

	2004	2003
	£	£
Deferred grants:		
Balance as at 1 April 2003	21,294,218	15,428,765
Received during the period	4,912,426	7,860,080
Released during the period	(1,862,617)	(1,994,627)
Balance as at 28 March 2004	24,344,027	21,294,218

16 Provisions for liabilities and charges

Deferred taxation provided in the accounts and the amounts not provided are as follows:

		Provided		*Not provided*
	2004	*2003*	*2004*	*2003*
	£	£	£	£
Capital allowances in advance of depreciation	-	-	(183,000)	24,000
Losses carried forward	-	-	(2,250,000)	(1,285,000)
	-	-	(2,433,000)	(1,261,000)

17 Share capital

		Authorised		*Allotted, called up and fully paid*
	2004	*2003*	*2004*	*2003*
	£	£	£	£
Ordinary 'A' shares of £1 each	1,000	1,000	2	2
Ordinary 'B' shares of £1 each	1,000	1,000	6	6
	2,000	2,000	8	8

Notes to the accounts

at 28 March 2004

17 Share capital (continued)

(a) The profits of the company available for dividends and resolved to be distributed in respect of each financial year or other period of the company up to an amount of one million pounds (£1,000,000) shall be applied in the payment of dividends solely to the holders of ordinary class 'A' shares and the balance (if any) of such profits shall be distributed by way of dividend in the ratio of one pence (1p) per ordinary class 'B' share for every ten thousand pounds (£10,000) distributed by way of dividend for each ordinary class 'A' share.

(b) On a return of capital on a winding up or otherwise the surplus assets of the company remaining after payment of its liabilities shall be applied first in rateable repayment to the holders of the Ordinary Class 'A' shares and the Ordinary Class 'B' shares of the amount paid up on each share held by them. The balance of the assets of the company shall be distributed between the Ordinary Class 'A' shareholders and the Ordinary Class 'B' shareholders such that the Ordinary Class 'B' shareholders have the right to receive one pence (1p) for every ten thousand pounds (£10,000) distributed to the Ordinary Class 'A' shareholders.

18 Reconciliation of movements in shareholders' funds

	Share Capital	*Profit and Loss Account*	*Total Shareholders' Funds*
	£	*£*	*£*
At 1 April 2002	8	(1,425,050)	(1,425,042)
Loss for the period	-	(3,198,819)	(3,198,819)
As at 1 April 2003	8	(4,623,869)	(4,623,861)
Loss for the period	-	(4,164,356)	(4,164,356)
As at 28 March 2004	8	(8,788,225)	(8,788,217)

Notes to the accounts

at 28 March 2004

19 Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	2004	*2003*
	£	*£*
Operating loss	(3,307,664)	(2,040,527)
Depreciation of tangible fixed assets	6,678,414	6,395,483
(Decrease)/increase in stocks	294,264	(331,006)
Increase in operating debtors and prepayments	(167,035)	(254,078)
Increase/(decrease) in operating creditors and accruals	824,160	(1,717,392)
Release of deferred income	(1,862,617)	(1,994,627)
	5,767,186	2,098,380
Net cash inflow from operating activities	2,459,522	57,853

(b) Reconciliation of net cash inflow to movement in net debt	*2004*	*2003*
	£	*£*
Decrease in cash in the period	(447,006)	(3,506,406)
Cash inflow/(outflow) from increase/(decrease) in debt and lease financing	819,926	(175,367)
Cash inflow from increase/(decrease) in bank deposit	120,640	(151,844)
Change in net debt arising from cash flows	493,560	(3,833,617)
Other	-	-
Movement in the period	493,560	(3,833,617)
Net debt at beginning of period	(21,538,548)	(17,704,931)
Net debt at end of period	(21,044,988)	(21,538,548)

(c) Analysis of changes in net debt

	At 1 April 2003	*Cash flow*	*Other*	*At 28 March 2004*
	£	*£*	*£*	*£*
Overdraft	-	(375,003)	-	(375,003)
Cash	72,003	(72,003)	-	-
		(447,006)		
Bank deposit	41,374,237	120,640	-	41,494,877
Finance lease obligations	(45,512,468)	-	-	(45,512,468)
Loans	(17,472,320)	819,926	-	(16,652,394)
Total	(21,538,548)	493,560	-	(21,044,988)

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Notes to the accounts

at 28 March 2004

20 Capital commitments

Amounts contracted but not provided in the accounts amounted to £2.9 million (2003 - £0.2 million). These commitments relate to capital works to improve facilities on site. Since the period end a contract for £10.7m, to build a new Education Centre, has also been entered into.

21 Financial commitments

At 28 March 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings		*Other*	
	2004	*2003*	*2004*	*2003*
	£	*£*	*£*	*£*
In one year	-	-	-	-
In two to five years	25,000	25,000	-	-

22 Transactions with directors

The following amounts were paid or are due to past and present directors of the company for services carried out during the period, other than in their capacity as directors of the company.

		Fees	*Expenses*	*Balance due at 31 March 2004*
		£	*£*	*£*
Mr P McMillan Browse	- horticultural consultant	6,350	-	-
Mr P Thoday	- horticultural consultant	13,200	1,948	1,422
Sir G Prance	- scientific consultant	2,181	-	-
Mr J R Sandbrook	- partnership consultant	24,000	-	24,000

23 Related parties

Mr T Smit is a director of Heligan Gardens Limited, the owner and operator of The Lost Gardens of Heligan, which is a horticultural attraction situated at Pentewan, Cornwall. This entity has provided ongoing support to Eden Project Limited during the feasibility and implementation of the Eden Project. During the period the amounts paid or payable to Heligan Gardens Limited for services rendered amounted to £3,753. Mr T Smit is also a Director of Kneehigh Theatre who have provided training facilities and services to The Eden Project. Amounts paid or payable to Kneehigh Theatre amounted to £588 in the period.

During the financial period to 31 March 2000 the company entered into a guaranteed maximum price contract with McAlpine Joint Venture Eden Project Limited for £54.7m which was ongoing during the period ended 28 March 2004. The award of the contract was subject to open tender. Messrs D McCormick and C McAlpine are executive directors of Alfred McAlpine Limited and Sir Robert McAlpine Limited respectively, the parties to McAlpine Joint Venture (Eden Project Limited) and as such have a material interest in this contract. In the period ended 28 March 2004, the company entered into further contracts for £10.7 million and £2.9 million with McAlpine Joint Venture Eden Project Limited. (Both contracts were subject to open tender).

During the period grants and donations were received by the Eden Trust, for the sole purpose of development of the Eden Project and as such were passed on to the company.

Notes to the accounts

at 28 March 2004

23 Related parties (continued)

The main capital development has taken place at Bodelva, Par, Cornwall and at the balance sheet date, the Eden Trust, possessed legal ownership. Under a lease granted to the company on 1 October 1998 rent of £25,000 per annum is payable.

Mr D Meneer's wife, Mrs A Meneer was employed as a consultant to develop the Eden video and other commercial filming opportunities. During the period amounts paid or payable for services rendered equated to £27,258.

During the period the company continued the arrangement with Cornwall College to deliver two NVQ courses. Dr A Stanhope is Chief Executive of Cornwall College and hence has a material interest in this relationship.

Mr P Hardaker, a director of the company, is also a member of the Council of Duchy College and was Chief Executive of Cornwall Farmers Ltd until 31 October 2003. The company purchased supplies from these organisations to £1,220 and £2,160 during the period ended 28 March 2004.

24 Financing transactions

During the period ended 31 March 2000 the company entered into a lease and leaseback arrangement with Royal Bank Leasing in respect of leased land and assets in the course of construction. Under Financial Reporting Standard No. 5 the accounts show the substance of this transaction and consequently, all costs of construction, including the construction financed by Royal Bank Leasing are included in Tangible Fixed Assets under the appropriate fixed asset category. Amounts financed by Royal Bank Leasing are included in 'Creditors falling due after more than one year – finance lease'. The amounts shown under finance lease (note 13) are wholly due after five years. The cost and net book value of assets financed by the above arrangement as at 28 March 2004 was £45,512,468 and £36,132,000 respectively.

The company has placed certain amounts on deposit as security for the above arrangement and to finance the option agreement (see below) and these are shown as 'Investments' (note 9).

The company has also entered into an option agreement with Royal Bank Leasing whereby it will grant an overriding lease to a group company in 2011 for £45 million.

Under the terms of finance lease arrangements, a cash advance has been received of approximately £4 million. This could be repayable to Royal Bank Leasing if this arrangement was rejected by the Inland Revenue. However, the directors consider this to be remote as a precedence for such finance lease schemes has been set.

25 Ultimate parent undertaking

The company's ultimate holding entity at the balance sheet date was the Eden Trust – a company limited by guarantee, incorporated in England and Wales on 16 July 2002, registered charity number 4487099. It has included the company in its group accounts, copies of which are available from its registered office: Bodelva, Par, Cornwall PL24 2SG.

THE FOLLOWING STATEMENTS DO NOT FORM PART OF

THE AUDITED STATUTORY ACCOUNTS OF THE COMPANY

Profit and loss account

for the period ended 28 March 2004

	Note	2004 £	2003 £
Turnover	I	18,281,331	22,399,103
Cost of sales	II	(18,727,559)	(20,157,677)
Gross Profit		(446,228)	2,241,426
Administrative expenses	III	(6,792,874)	(7,330,394)
Other operating income	IV	3,931,438	3,048,441
Operating profit		(3,307,664)	(2,040,527)
Interest receivable	V	2,320,650	2,106,221
Interest payable	VI	(3,177,342)	(3,264,513)
Loss before taxation		(4,164,356)	(3,198,819)

		2004 £	2003 £
I.	***Turnover***		
	Admissions	5,097,358	7,573,539
	Management Charge – Gift Aid	3,107,010	2,704,414
		8,204,368	10,277,953
	Catering	4,562,711	5,393,331
	Retail	4,948,069	6,095,485
	Other	566,183	632,334
		18,281,331	22,399,103
II.	***Cost of sales***		
	Purchases	4,333,854	5,589,969
	Staff costs	6,381,583	6,596,383
	Direct costs	1,333,708	1,575,842
	Depreciation	6,678,414	6,395,483
		18,727,559	20,157,677

ERNST & YOUNG

Profit and loss account

for the period ended 28 March 2004

		2004	2003
		£	£
III.	***Administrative expenses***		
	Consultancy and professional	366,261	844,662
	Premises costs	1,555,689	1,588,090
	Staff costs	2,162,166	2,402,874
	Marketing and events	583,926	574,367
	IT, communication and administration	1,079,237	801,065
	Vehicle costs	663,489	702,781
	Equipment costs	382,106	416,555
		6,792,874	7,330,394
IV.	**Other operating income**		
	Grants and donations		
	Release of deferred income	1,862,617	1,994,627
	Release of development fund	28,899	98,371
	Other grants and donations	1,154,052	187,860
	Miscellaneous income	9,252	204,800
	Tax reclaims under Gift Aid	876,618	562,783
		3,931,438	3,048,441
V.	**Interest receivable**		
	DKB interest receivable	2,269,377	1,996,892
	Interest receivable	51,273	109,329
		2,320,650	2,106,221
VI.	***Interest Payable***		
	Interest payable - loans	1,027,917	1,114,983
	Interest payable – bank	689	794
	Finance charge - RBL	2,148,736	2,148,736
		3,177,342	3,264,513

Deferred income

for the period ended 28 March 2004

	2004	*2003*
	£	*£*
Grants received during the period		
Restormel Borough Council	-	40,000
European Regional Development Fund	637,110	2,708,422
SWERDA	1,735,962	4,734,257
Other	39,329	377,401
Landfill tax credit scheme	1,279,260	-
Millennium Commission	1,220,765	-
	4,912,426	7,860,080

The monies received in respect of the landfill tax credit scheme and Millennium Commission were originally received by The Eden Trust and were then passed down to the company as grants.