

3276093

EDEN PROJECT LIMITED

Report and Accounts

31 March 2003

 ERNST & YOUNG



A47
COMPANIES HOUSE

AR43IR0P

0685
19/12/03

Eden Project Limited

Registered No: 3278093

DIRECTORS

Non Executive Chairman

Mr K Hill

Non Executive Directors

Mr C McAlpine

Mr D McCormick – alternate for Mr C McAlpine

Dr A Stanhope

Mr P Hardaker

Mr J R Sandbrook

Mr R Eyre

(appointed 4 February 2003)

Mr P Newey

(appointed 1 July 2003)

Executive Directors

Mr T Smit – Chief Executive Officer

Mrs S G Coley – Managing Director

Mr P Cox – Finance Director

(appointed 7 November 2002)

Mr M Jones – Operations Director

Mr A Kendle – Foundation Director

Mr D Meneer – Marketing Director

COMPANY SECRETARY

Mrs S G Coley

(resigned 4 February 2003)

Mr P Cox

(appointed 4 February 2003)

AUDITORS

Ernst & Young LLP

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 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 3.8 million visitors in the period from opening to 31 March 2003.

As detailed in the Profit and Loss Account on page 7, the company had a deficit for the year of £3,198,819 and the directors do not recommend the payment of a dividend. This deficit is after bearing a depreciation charge of £6,395,483 but after receiving the benefit of a deferred income credit of £1,994,627 (a net effect of £4,400,856) neither of which are cashflows during the year. 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 £4,400,856 is ignored.

Despite a modest increase in turnover of some £0.6 million, the operating loss is some £2.3 million worse than last year. This is principally due to additional staff costs of approximately £2.5 million and depreciation of some £0.7 million. These additional costs represent the further investment in both staff and facilities which were necessary to cope with the visitor numbers which have been substantially ahead of what was anticipated.

In addition, as detailed in the Statement of Cash Flows on page 9 the company generated an operating cash inflow of £57,853 and a net cash outflow after financing of £3,506,406. This net cash outflow compares with an inflow of £1.5 million last year. This difference is principally due to the operating loss described above and the cost of loan interest and repayments of £3.1 million compared with £0.4 million last year.

The total capital cost of the Project to date, reflected in the tangible fixed assets of the company, is some £92 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 this year of £1,994,627. 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 year received and is hence reflected in the accumulated reserves of the Charity. It is this mismatch between the receipt of the grant by the Eden Trust and the depreciation charge in the company, which creates the reported deficit for the company.

It is this mismatch which also results in the negative net assets of £4,623,861 shown in the company's balance sheet which is caused by the existence of the inter company loan of £39.8 million referred to above.

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. Six 'B' Shares were issued to R B Leasing

Eden Project Limited

DIRECTORS' REPORT

(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.

On 2 August 2002 the Eden Trust was restructured to convert it into a charitable company limited by guarantee. The new charitable company has the same name and Trustees and has taken over all of the assets, obligations and liabilities of the old Eden Trust including the 'A' shares in 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
16 December 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDEN PROJECT LIMITED

We have audited the company's financial statements for the year ended 31 March 2003 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

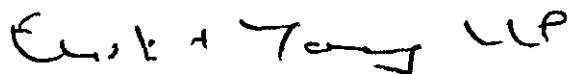
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 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 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Exeter
16 December 2003

Eden Project Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2003

	Notes	2003 £	2002 £
TURNOVER		22,399,103	21,798,742
Cost of sales excluding depreciation		13,762,194	9,975,529
Depreciation		6,395,483	5,662,802
		20,157,677	15,638,331
GROSS PROFIT		2,241,426	6,160,411
OPERATING EXPENSES			
Administrative expenses		(7,330,394)	(6,880,803)
Other operating income	2	3,048,441	984,650
OPERATING PROFIT (before depreciation and release of deferred income)		2,360,329	5,017,510
OPERATING (LOSS)/PROFIT (after depreciation)	3	(2,040,527)	264,258
Interest receivable		2,106,221	1,779,238
Interest payable and similar charges	6	(3,264,513)	(3,382,623)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,198,819)	(1,339,127)
Taxation	7	-	-
RETAINED PROFIT (before depreciation and release of deferred income)		1,202,037	3,414,125
RETAINED LOSS	18	(3,198,819)	(1,339,127)
PROFIT AND LOSS ACCOUNT AT 1 APRIL 2002		(1,425,050)	(85,923)
PROFIT AND LOSS ACCOUNT AT 31 MARCH 2003		(4,623,869)	(1,425,050)

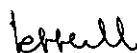
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the loss attributable to shareholders of the company of £3,198,819 in the year ended 31 March 2003 and the loss of £1,339,127 in the year ended 31 March 2002.

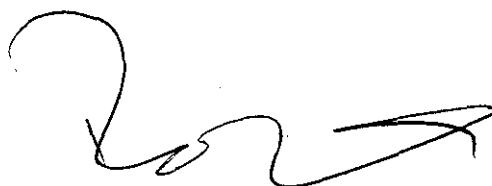
Eden Project Limited

BALANCE SHEET at 31 March 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	79,728,602	76,087,281
Investments	9	41,374,238	41,526,082
		<u>121,102,840</u>	<u>117,613,363</u>
CURRENT ASSETS			
Stocks	10	774,876	443,870
Debtors	11	564,857	310,779
Cash at bank and in hand		72,003	3,578,409
		<u>1,411,736</u>	<u>4,333,058</u>
CREDITORS: amounts falling due within one year	12	(44,841,485)	(46,483,277)
		<u>(43,429,749)</u>	<u>(42,150,219)</u>
NET CURRENT LIABILITIES			
		<u>77,673,091</u>	<u>75,463,144</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>77,673,091</u>	<u>75,463,144</u>
CREDITORS: amounts falling due after more than one year	13	(61,002,734)	(61,459,421)
DEFERRED INCOME	15	(21,294,218)	(15,428,765)
		<u>(4,623,861)</u>	<u>(1,425,042)</u>
CAPITAL AND RESERVES			
Called up share capital - equity	17	8	8
Profit and loss account	18	(4,623,869)	(1,425,050)
		<u>(4,623,861)</u>	<u>(1,425,042)</u>
TOTAL SHAREHOLDERS' FUNDS			
	18	(4,623,861)	(1,425,042)



Mr K Hill
Chairman
16 December 2003



Mr P Cox
Director / Company Secretary
16 December 2003

Eden Project Limited

STATEMENT OF CASH FLOWS

For the year ended 31 March 2003

	Notes	2003 £	2002 £
CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES BEFORE GRANTS TRANSFERRED BY EDEN TRUST		(592,147)	5,823,242
Grants transferred by Eden Trust – a company limited by guarantee by way of intercompany loan		650,000	617,520
CASH INFLOW FROM OPERATING ACTIVITIES AFTER GRANTS TRANSFERRED BY EDEN TRUST	19(a)	57,853	6,440,762
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(1,672,230)	(92,992)
Interest received		2,106,221	1,779,238
Interest element of finance lease rental payments		(2,148,736)	(2,096,990)
		(1,714,745)	(410,744)
TAXATION			
UK corporation tax refunded		-	28,429
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets	8	(10,036,805)	(5,564,950)
Capital grants received		7,860,080	653,765
Net decrease/(increase) in investments	9	151,844	(5,305,496)
		(2,024,881)	(10,216,681)
FINANCING			
Net movement in long term borrowings	14	175,367	-
Increase in finance lease obligations	13	-	5,652,852
		175,367	5,652,852
(DECREASE)/INCREASE IN CASH	19(c)	(3,506,406)	1,494,618
Cash at bank and in hand at 1 April 2002		3,578,409	2,083,791
Cash at bank and in hand at 31 March 2003		72,003	3,578,409

1 ACCOUNTING POLICIES

Fundamental Accounting Concept

Having successfully completed the initial phase of construction the company is no longer dependent on additional finance for this phase being made available by its parent undertaking, the Eden Trust, a company limited by guarantee, to enable it to continue operating and to meet its liabilities as they fall due.

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 31 March 2003, 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 over 18 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 where upon 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.

Eden Project Limited

NOTES TO THE ACCOUNTS

31 March 2003

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

	2003 £	2002 £
Release of deferred income	1,994,627	909,550
Release of publishing development fund	98,371	75,000
Other grants and donations	187,860	100
Miscellaneous income	204,800	-
Tax reclaims under Gift Aid	562,783	-
	<u>3,048,441</u>	<u>984,650</u>

3 OPERATING (LOSS)/PROFIT

This is stated after charging/(crediting):

	2003 £	2002 £
Auditors' remuneration	20,000	20,000
Depreciation	6,395,483	5,662,802
Operating lease rentals - plant & machinery	23,000	23,000
- land & buildings	25,000	25,000
Other operating income - grants and donations	(187,860)	(3,617)
Release of deferred income	<u>(1,994,627)</u>	<u>(909,550)</u>

4 DIRECTORS' EMOLUMENTS

	2003 £	2002 £
Emoluments	589,282	455,993
Company contributions to pension scheme	<u>19,321</u>	<u>14,018</u>

The emoluments in respect of the highest paid director were £169,750 (2002 - £128,375), with no contributions to a pension scheme.

Eden Project Limited

NOTES TO THE ACCOUNTS

31 March 2003

5 STAFF COSTS

	2003	2002
	£	£
Wages and salaries	7,654,983	5,335,386
Social security costs	634,237	447,480
Pension costs	114,509	89,822
	<u>8,403,729</u>	<u>5,872,688</u>

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

	2003	2002
	No.	No.
Administration	97	37
Technical support	21	19
Horticulture	69	39
Operations	443	328
	<u>630</u>	<u>423</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Bank overdrafts	794	8,553
Other loans	1,114,983	1,277,080
Finance charges	2,148,736	2,096,990
	<u>3,264,513</u>	<u>3,382,623</u>

Eden Project Limited

NOTES TO THE ACCOUNTS

31 March 2003

7 TAXATION

a) Tax on loss on ordinary activities:

	2003 £	2002 £
Corporation tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

b) Factors affecting current tax charges.

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

	2003 £	2002 £
Loss on ordinary activities before tax	(3,198,819)	(1,339,127)
Loss of ordinary activities multiplied by standard rate of corporation tax of 30%	(959,646)	(401,738)
Non taxable income expenses not deductible for tax purposes	(498,869)	(261,262)
Depreciation in excess of capital allowances	793,515	478,000
Deferred tax on loss not provided	665,000	185,000
Current tax charge	<u>-</u>	<u>-</u>

c) Factors that may affect future tax charges:

The company has trading losses carried forward of approximately £4.3m. 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

31 March 2003

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 2002	-	282,568	50,451,327	20,586,650	10,166,663	556,491	-	82,043,699
Additions	1,156,861	-	7,493,237	573,516	112,411	297,033	403,746	10,036,804
Re-analysis	-	(282,568)	282,568	-	-	-	-	-
At 31 March 2003	1,156,861	-	58,227,132	21,160,166	10,279,074	853,524	403,746	92,080,503
Depreciation								
At 1 April 2002	-	-	2,890,376	1,186,051	1,595,454	284,537	-	5,956,418
Charge for the year	-	-	3,234,841	1,175,565	1,565,987	284,508	134,582	6,395,483
At 31 March 2003	-	-	6,125,217	2,361,616	3,161,441	569,045	134,582	12,351,901
Net book value								
At 31 March 2003	1,156,861	-	52,101,915	18,798,550	7,117,633	284,479	269,164	79,728,602
At 31 March 2002	-	282,568	47,560,951	19,400,599	8,571,209	271,954	-	76,087,281

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

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

Eden Project Limited

NOTES TO THE ACCOUNTS

31 March 2003

9 INVESTMENTS

	<i>Subsidiary undertaking</i>	<i>Bank deposit</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 April 2002	1	41,526,081	41,526,082
Disposal	-	(2,148,736)	(2,148,736)
Additions	-	1,996,892	1,996,892
At 31 March 2003	1	41,374,237	41,374,238

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

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

10 STOCKS

	<i>2003</i>	<i>2002</i>
	£	£
Goods for resale	774,876	443,870

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

11 DEBTORS

	<i>2003</i>	<i>2002</i>
	£	£
Amounts falling due within one year:		
Trade debtors	382,538	222,963
Other debtors	43,209	416
Prepayments and accrued income	139,110	87,400
	564,857	310,779

Eden Project Limited

NOTES TO THE ACCOUNTS

31 March 2003

12 CREDITORS: amounts falling due within one year:

	2003 £	2002 £
Trade creditors	1,457,981	1,657,694
Bank and other loans (note 14)	1,682,054	750,000
Other creditors	200,021	560
Amounts owed to group undertakings	39,518,178	39,435,557
Taxation and social security	253,133	446,089
Accruals and deferred income	1,730,118	4,193,377
	<u>44,841,485</u>	<u>46,483,277</u>

Amounts owed to group undertakings:

	2003 £	2002 £
Grants received by the Eden Trust – a company limited by guarantee and passed to the company by way of interest free loan	39,474,223	38,824,223
Current account balance	(256,045)	11,334
Loans from Eden Trust – a company limited by guarantee– amounts due less than one year (note 14)	300,000	600,000
	<u>39,518,178</u>	<u>39,435,557</u>

13 CREDITORS: amounts falling due after more than one year

	2003 £	2002 £
Other Loans (note 14)	15,490,266	15,946,953
Finance Lease (note 24)	45,512,468	45,512,468
	<u>61,002,734</u>	<u>61,459,421</u>

Eden Project Limited

NOTES TO THE ACCOUNTS

31 March 2003

14 LOANS

	2003 £	2002 £
Not wholly repayable within five years:		
£1,500,000 loan at 2.5% above LIBOR repayable £300,000 on 31 January 2004, £500,000 on 31 January 2005 and £700,000 on 31 January 2006 The balance includes rolled up interest of £442,054 which is payable on 31 January 2004 with the first instalment	1,942,054	1,500,000
£1,000,000 loan from the Eden Trust – a company limited by guarantee at 0.55% above LIBOR repayable 2 July 2009	1,000,000	1,000,000
£3,000,000 loan from the Eden Trust – a company limited by guarantee at 6% repayable in 10 annual instalments commencing 1 October 2001	2,400,000	3,000,000
£10,500,000 loan at 2.5% above LIBOR plus MLA repayable in ten annual instalments commencing 31 October 2002. The initial instalment of £750,000 is incremented each year by £100,000 The balance includes interest rolled up	11,250,000	11,796,953
£900,000 loan at 1.75% above Bank's Base Rate repayable in monthly instalments over 10 years commencing January 2003	880,266	-
	<u>17,472,320</u>	<u>17,296,953</u>
Less: included in creditors falling due within one year		
Bank and other loans	1,682,054	750,000
Amounts owed to group undertakings	300,000	600,000
	<u>1,982,054</u>	<u>1,350,000</u>
	<u><u>15,490,266</u></u>	<u><u>15,946,953</u></u>

Eden Project Limited

NOTES TO THE ACCOUNTS

31 March 2003

14 LOANS (continued)

	2003	2002
	£	£
Amounts repayable:		
In less than one year	1,982,054	1,350,000
In 2-5 years	7,160,000	6,700,000
In more than 5 years	8,330,266	9,246,953
	<u>17,472,320</u>	<u>17,296,953</u>

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

15 DEFERRED INCOME

	2003	2002
	£	£
Deferred grants:		
Balance as at 1 April 2002	15,428,765	15,684,550
Received during the period	7,860,080	653,765
Released during the period	(1,994,627)	(909,550)
Balance as at 31 March 2003	<u>21,294,218</u>	<u>15,428,765</u>

16 PROVISIONS FOR LIABILITIES AND CHARGES

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

	Provided		Not provided	
	2003	2002	2003	2002
	£	£	£	£
Capital allowances in advance of depreciation	-	-	24,000	112,000
Losses carried forward	-	-	(1,285,000)	(620,000)
	<u>-</u>	<u>-</u>	<u>(1,261,000)</u>	<u>(508,000)</u>

17 SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2003	2002	2003	2002
	£	£	£	£
Ordinary 'A' shares of £1 each	1,000	1,000	2	2
Ordinary 'B' shares of £1 each	1,000	1,000	6	6
	<u>2,000</u>	<u>2,000</u>	<u>8</u>	<u>8</u>

NOTES TO THE ACCOUNTS

31 March 2003

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 any 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 2001	8	(85,923)	(85,915)
Loss for the year	-	(1,339,127)	(1,339,127)
As at 1 April 2002	8	(1,425,050)	(1,425,042)
Loss for the year	-	(3,198,819)	(3,198,819)
As at 31 March 2003	8	(4,623,869)	(4,623,861)

NOTES TO THE ACCOUNTS

31 March 2003

19 NOTES TO THE STATEMENT OF CASH FLOWS

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

	2003 £	2002 £
Operating (loss)/profit	(2,040,527)	264,258
Depreciation of tangible fixed assets	6,395,483	5,662,802
Increase in stocks	(331,006)	(290,098)
(Increase)/Decrease in operating debtors and prepayments	(254,078)	368,322
(Decrease)/Increase in operating creditors and accruals	(1,717,392)	1,345,028
Release of deferred income	(1,994,627)	(909,550)
	<u>2,098,380</u>	<u>6,176,504</u>
Net cash inflow from operating activities	<u>57,853</u>	<u>6,440,762</u>

(b) Reconciliation of net cash inflow to movement in net debt

	2003 £	2002 £
(Decrease)/increase in cash in the year	(3,506,406)	1,494,618
Cash inflow from increase in debt and lease financing	(175,367)	(5,652,852)
Cash inflow from (decrease)/increase in bank deposit	(151,844)	5,305,496
Change in net debt arising from cash flows	(3,833,617)	1,147,262
Other	-	(1,296,953)
Movement in the year	(3,833,617)	(149,691)
Net debt at beginning of year	(17,704,931)	(17,555,240)
Net debt at end of year	<u>(21,538,548)</u>	<u>(17,704,931)</u>

(c) Analysis of changes in net debt

	At 1 April 2002 £	Cash flow £	Other £	At 31 March 2003 £
Cash	3,578,409	(3,506,406)	-	72,003
Bank deposit	41,526,081	(151,844)	-	41,374,237
Finance lease obligations	(45,512,468)	-	-	(45,512,468)
Loans	(17,296,953)	(175,367)	-	(17,472,320)
Total	<u>(17,704,931)</u>	<u>(3,833,617)</u>	<u>-</u>	<u>(21,538,548)</u>

20 CAPITAL COMMITMENTS

Amounts contracted but not provided in the accounts amounted to £0.2 million (2002 - £1.5 million).

Eden Project Limited

NOTES TO THE ACCOUNTS

31 March 2003

21 FINANCIAL COMMITMENTS

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and Buildings</i>		<i>Other</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
In one year	-	-	-	17,852
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 year, other than in their capacity as directors of the company.

		<i>Fees</i>	<i>Expenses</i>	<i>Balance due at 31 March 2003</i>
		<i>£</i>	<i>£</i>	<i>£</i>
Mr P McMillan Browse	- horticultural consultant	27,000	205	2,250
Mr P Thoday	- horticultural consultant	18,207	2,314	3,415
Sir G Prance	- scientific consultant	4,201	1,040	1,378
Mr J R Sandbrook	- partnership consultant	4,800	-	-

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 year the amounts paid or payable to Heligan Gardens Limited for services rendered amounted to £2,188. 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 £44,615 in the year.

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 to 31 March 2003. 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. The award of the contract was subject to open tender.

During the year 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.

The main capital development has taken place at Bodelva, Par, Cornwall and at the balance sheet date, the Eden Trust – a company limited by guarantee, 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 year amounts paid or payable for services rendered equated to £25,098.

NOTES TO THE ACCOUNTS

31 March 2003

23 RELATED PARTIES (continued)

During the financial year ended 31 March 2002, the company entered into an 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 is Chief Executive of Cornwall Farmers Limited, an agricultural supplier, and amounts paid or payable for supplies during the financial year equated to £3,198.

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 31 March 2003 was £45,512,468 and £39,229,000 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

On 2 August 2002 the Trust was restructured to convert it from a trust to a charitable company limited by guarantee. The new charitable company has the same name and Trustees and has taken over all of the assets, obligations and liabilities of the old Trust.

Consequently, 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

Eden Project Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2003

	Note	2003 £	2002 £
Turnover	I	22,399,103	21,798,742
Cost of sales	II	(20,157,677)	(15,638,331)
Gross Profit		2,241,426	6,160,411
Administrative expenses	III	(7,330,394)	(6,880,803)
Other operating income	IV	3,048,441	984,650
Operating profit		(2,040,527)	264,258
Interest receivable	V	2,106,221	1,779,238
Interest payable	VI	(3,264,513)	(3,382,623)
Loss before taxation		(3,198,819)	(1,339,127)

ERNST & YOUNG

	2003 £	2002 £
I. Turnover		
Admissions	7,573,539	11,074,539
Management Charge – Gift Aid	2,704,414	-
	10,277,953	11,074,539
Catering	5,393,331	4,863,508
Retail	6,095,485	5,686,630
Other	632,334	174,065
	22,399,103	21,798,742
II. Cost of sales		
Purchases	5,589,969	5,110,960
Staff costs	6,596,383	4,501,500
Direct costs	1,575,842	363,069
Depreciation	6,395,483	5,662,802
	20,157,677	15,638,331
III. Administrative expenses		
Consultancy and professional	844,662	826,755
Premises costs	1,588,090	983,262
Staff costs	2,402,874	2,373,147
Marketing and events	574,367	1,115,776
IT, communication and administration	801,065	528,976
Vehicle costs	702,781	447,355
Equipment costs	416,555	605,532
	7,330,394	6,880,803

Eden Project Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2003

	2003 £	2002 £
IV. Other operating income		
<i>Grants and donations</i>		
Release of deferred income	1,994,627	909,550
Release of development fund	98,371	75,000
Other grants and donations	187,860	100
Miscellaneous income	204,800	-
Tax reclaims under Gift Aid	562,783	-
	<u>3,048,441</u>	<u>984,650</u>
V. Interest receivable		
DKB interest receivable	1,996,892	1,609,606
Interest receivable	109,329	169,632
	<u>2,106,221</u>	<u>1,779,238</u>
VI. Interest Payable		
Interest payable - loans	1,114,983	1,277,080
Interest payable - bank	794	8,553
Finance charge - RBL	2,148,736	2,096,990
	<u>3,264,513</u>	<u>3,382,623</u>

Eden Project Limited

DEFERRED INCOME

for the year ended 31 March 2003

	2003 £	2002 £
GRANTS AND DONATIONS RECEIVED DURING THE YEAR		
Restormel Borough Council	40,000	2,000
European Regional Development Fund	2,663,172	19,817
GOSW Top soil project	45,250	41,060
SWERDA	4,734,257	-
Other	377,401	590,888
	<u>7,860,080</u>	<u>653,765</u>