

Lyonesse Shipping Company Limited

**Annual Report and Financial Statements
Year Ended 31 March 2020**

Registration number: 05012186

THURSDAY



A9H0JMBD

A17

12/11/2020

#88

COMPANIES HOUSE

Lyonesse Shipping Company Limited

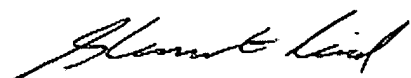
Balance Sheet

31 March 2020

| | Note | 2020 £ | 2019 £ |
|---|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 4 | 1,671,575 | 2,034,346 |
| Current assets | | | |
| Debtors | 5 | 94,931 | 162,763 |
| Creditors: Amounts falling due within one year | 6 | <u>(1,620,197)</u> | <u>(4,306,249)</u> |
| Net current liabilities | | <u>(1,525,266)</u> | <u>(4,143,486)</u> |
| Net assets/(liabilities) | | <u>146,309</u> | <u>(2,109,140)</u> |
| Capital and reserves | | | |
| Called up share capital | 7 | 1,800,100 | 100 |
| Profit and loss account | | <u>(1,653,791)</u> | <u>(2,109,240)</u> |
| Total equity | | <u>146,309</u> | <u>(2,109,140)</u> |

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the director on 15 July 2020



Mr S Reid
Director

Company Registration Number: 05012186

Lyonesse Shipping Company Limited

Notes to the Financial Statements

Year Ended 31 March 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Steamship House

Quay Street

Penzance

Cornwall

TR18 4BZ

These financial statements were authorised for issue by the director on 15 July 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The financial statements are prepared in pounds sterling which is the functional currency of the company.

Lyonesse Shipping Company Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Going concern

In preparing and approving these financial statements the Board have given due consideration to going concern risks, and in particular the impact of the Coronavirus pandemic. The pandemic has led to widespread, profound economic shocks, and has significantly curtailed the operational activities of the Company. In reaching a conclusion on the going concern assumption the Board considered and factored in the following matters:

i) The Company continues to be supported financially by its parent company, Isles of Scilly Steamship Company Limited, via an intercompany loan and the parent company has committed to continue this support for the foreseeable future. There is a letter of support from the group and the Company is dependent on this support.

ii) Following a detailed application process, the Group has been able to access substantial grant funding from the Department for Transport in order to support the essential services provided by the Group. The Group received contracted Government grant funding post year end up to 30 June 2020. This assisted the Group up until 4 July 2020 when the leisure and tourism sector started to open up following the government lockdown. The grant funding was in place to meet the losses incurred from running a restricted service and support the cash outflows that arose post year end. The Group is working closely with local representatives and the Department for Transport in relation to additional funding should the need arise.

iii) The Group have prepared budgets and cash flow forecasts (which include the results of the Company) and consider a number of scenarios, in particular the level of grant funding available, and varying passenger numbers and freight volumes for the wider business.

As well as future uncertainty arising from the pandemic, the Board is mindful of the fact that moving forward there will be the increased competition for the travel routes to and from the Isles of Scilly which will impact on demand.

iv) The Company has accessed the Government's Job Retention Scheme and Business Support Grant Funds (as well as future rates relief) which have both assisted with reducing the costs incurred by the Company after the year end.

v) The Company has implemented various cost saving measures to minimise the losses arising from the minimal service levels.

vi) The wider Group has undertaken outline negotiations with lenders in order to establish the potential borrowings that would be available to the Group should the need arise.

vii) Operationally, various policies and procedures have been put in place to ensure the health and safety of the core staff that have been retained. Clearly, in some areas this does give rise to a financial cost, but these steps are necessary and are being adopted by the vast majority of businesses across the UK.

viii) There are business continuation plans in place to ensure that there is adequate cover for senior management should they become incapacitated.

After due consideration of these factors the Directors are satisfied that the Company will be able to continue as a going concern for the foreseeable future – being a period no less than 12 months from the date of approval of these financial statements.

Lyonesse Shipping Company Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Revenue recognition

Turnover represents charges for the leasing of the ships. Revenue is recognised in accordance with the terms of the underlying lease agreements and excludes Value Added Tax.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets less residual value, as follows:

| Asset class | Depreciation method and rate |
|--------------------|---|
| Ships | Straight line over the life of the ship |

Stocks

Stocks are stated at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and selling costs.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Lyonesse Shipping Company Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Lyonesse Shipping Company Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Critical accounting judgements and estimation uncertainty

Management evaluate estimates and judgements on an annual basis, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates applied by management are as outlined below:

Impairment and subsequent disposal of the Mali Rose ship

There are no longer any assets under construction following the disposal of the Mali Rose during the year for £300,000 giving rise to a loss on disposal of £100,000.

This is following impairment reviews in previous financial years that have been disclosed as exceptional items.

Depreciation and useful economic lives of tangible assets

Management have carefully considered the depreciation estimates applied on the tangible assets held by the company. This assessment is performed on an annual basis, and would be amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of each asset.

3 Exceptional item

Items which are material either because of their size or their nature, or which are non-recurring, are presented within their relevant income statement category. The separate reporting of exceptional items helps provide a clear picture of the company's underlying performance.

An analysis of the amount presented as an exceptional item in these financial statements is given below and is in respect of the impairment of an asset under construction down to its anticipated recoverable value.

| | 2020 | 2019 |
|--|------|-----------|
| | £ | £ |
| Impairment of asset under construction | - | 3,304,311 |

Lyonesse Shipping Company Limited

Notes to the Financial Statements

Year Ended 31 March 2020

4 Tangible assets

| | Assets under construction £ | Ships £ | Total £ |
|--------------------------|--------------------------------------|------------|-------------|
| Cost or valuation | | | |
| At 1 April 2019 | 4,585,439 | 8,274,267 | 12,859,706 |
| Additions | - | 396,874 | 396,874 |
| Disposals | (4,585,439) | - | (4,585,439) |
| At 31 March 2020 | - | 8,671,141 | 8,671,141 |
| Depreciation | | | |
| At 1 April 2019 | 4,185,439 | 6,639,921 | 10,825,360 |
| Charge for the year | - | 359,645 | 359,645 |
| Eliminated on disposal | (4,185,439) | - | (4,185,439) |
| At 31 March 2020 | - | 6,999,566 | 6,999,566 |
| Carrying amount | | | |
| At 31 March 2020 | - | 1,671,575 | 1,671,575 |
| At 31 March 2019 | 400,000 | 1,634,346 | 2,034,346 |

5 Debtors

| | 2020 £ | 2019 £ |
|-------------|---------------|----------------|
| Prepayments | 94,931 | 162,763 |
| | <u>94,931</u> | <u>162,763</u> |

Lyonesse Shipping Company Limited

Notes to the Financial Statements

Year Ended 31 March 2020

6 Creditors

Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|-----------------------------------|------------------|------------------|
| Due within one year | | |
| Trade creditors | - | 372,888 |
| Amounts due to group undertakings | 1,608,552 | 3,929,498 |
| Corporation tax | 208 | 208 |
| Accrued expenses | 11,437 | 3,655 |
| | <u>1,620,197</u> | <u>4,306,249</u> |

7 Share capital

Allotted, called up and fully paid shares

| | No. | 2020 £ | No. | 2019 £ |
|----------------------------|------------------|------------------|------------|------------|
| Ordinary shares of £1 each | <u>1,800,100</u> | <u>1,800,100</u> | <u>100</u> | <u>100</u> |

During the year 1,800,000 ordinary shares each with a nominal value of £1 were allotted for a total consideration of £1,800,000.

8 Parent and ultimate parent undertaking

The company has taken advantage of the exemption in FRS102.33 "Related Party Disclosures" from disclosing transactions with other wholly owned members of the group.

The company's immediate parent is Isles of Scilly Steamship Company Limited, incorporated in England and Wales.

These financial statements are available upon request from
Hugh Town
St Mary's
Isles of Scilly
TR21 0LJ

Lyonesse Shipping Company Limited

Notes to the Financial Statements

Year Ended 31 March 2020

9 Non adjusting events after the financial period

Following a detailed application process, the Group has been able to access substantial grant funding from the Department for Transport in order to support the essential services provided by the Group. The Group received contracted Government grant funding post year end up to 30 June 2020. This assisted the Group up until 4 July 2020 when the leisure and tourism sector started to open up following the government lockdown.

10 Audit report

The Independent Auditors' Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report was Andrew Allen BSc FCA, who signed for and on behalf of PKF Francis Clark on 29 July 2020.