# DELIVERING THE NEXT GENERATION

*106th Annual Report and Consolidated Financial Statements*
*Year Ended 31 March 2026*



ISLES OF SCILLY Steamship GROUP

# *Thank you for the journey...*





## COMPANY INFORMATION

**Isles of Scilly Steamship Company Limited**
Annual Report and
Consolidated Financial Statements
Year Ended 31 March 2026

**Company Registration Number** 00165746

**Chairman**
Mr I Howard MBE TD

**Directors**
Mr S Reid
Mr T S Hicks
Mr G Randall
Mr S M Hicks
Mrs J E Piper
Mr K A George
Ms S Bassett
Mr A Walder

**Registered office**
Hugh Town
St Mary's
Isles of Scilly
TR21 0LJ

**Auditors**
PKF Francis Clark
Statutory Auditor
Lowin House
Tregolls Road
Truro
Cornwall
TR1 2NA



ISLES OF SCILLY STEAMSHIP COMPANY LIMITED

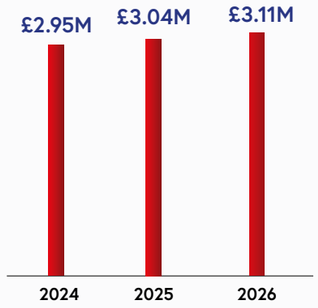
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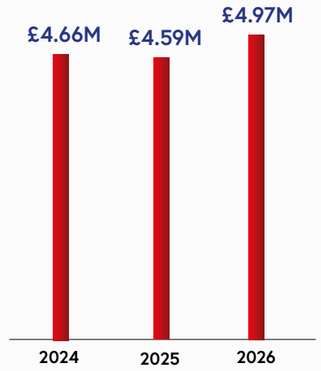
**TURNOVER**
YEAR ENDED 31 MARCH



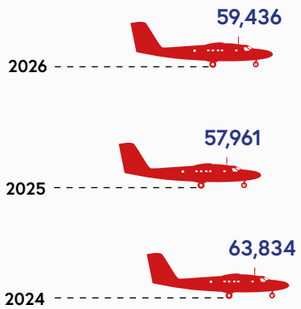

**PROFIT BEFORE TAX**
YEAR ENDED 31 MARCH



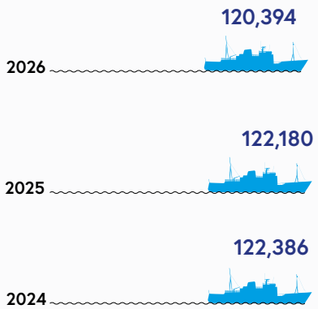

**EBITDA**
YEAR ENDED 31 MARCH



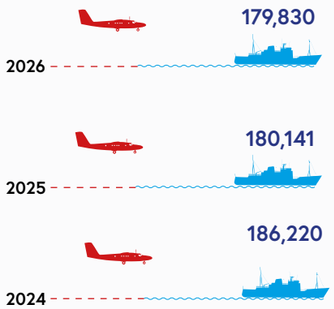

**SKYBUS**
**AIR PASSENGERS**
YEAR ENDED 31 MARCH




**SCILLONIAN**
**SEA PASSENGERS**
YEAR ENDED 31 MARCH




**COMBINED AIR AND**
**SEA PASSENGERS**
YEAR ENDED 31 MARCH



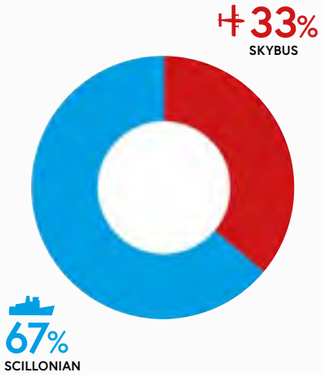

**CASH**
**(includes notice accounts)**
YEAR ENDED 31 MARCH

**£7.32m**
2026

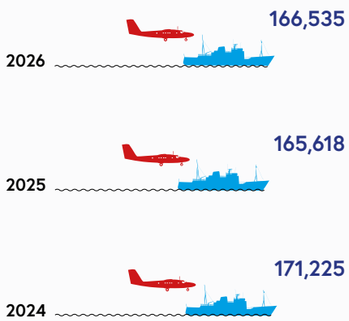
**£7.16m**
2025

**£7.34m**
2024

**PASSENGER NUMBERS**
YEAR ENDED 31 MARCH 2026




**PASSENGER NUMBERS**
SUMMER MARKET (APR-OCT)








# CHAIRMAN'S STATEMENT



We have seen another year of growth with turnover rising to £26.83m (2025: £21.69m) and profit before tax of £3.11m (2025: £3.04m). Year-end cash, including notice deposit accounts, also edged up to £7.32m (2025: £7.16m).

Despite many exceptional calls on our finances, such as the net cost of the discontinued PSO operation, overall, the year to 31 March 2026 was a positive financial year. Operationally, however, there were significant challenges.

On the marine side, Gry Maritha was restricted in its sailing for 4 months waiting for a new windlass to be machined and we had to rely on the support of Scillonian III and Gugh, together with 3rd party subcontracted vessels, to continue providing the freight service.

On the Skybus side, the optimism displayed in my half year letter around the PSO route to London from Newquay proved to be misplaced when Cornwall Council pulled the plug on the prospect of a long term PSO contract and we incurred substantial losses before discontinuing the service.

Passenger numbers on Skybus for the year to 31 March 2026 increased marginally and overall passenger numbers, including Scillonian III, were on a par with the last financial year at 180,000.

The Aurigny contract was profitable in the 6 months of operation to 31 March 2026 which augurs well for the future, but overall Skybus made a loss of £0.94m of which £0.89m represents the abortive PSO venture (£0.05m loss excluding the PSO).

On a brighter note, Island Carriers finally completed the acquisition of elements of the Sibley fuel business on St Mary's and that is beginning to bear fruit as we integrate all the activities fully.

In June this year, Menawethan, our new freight ship arrived safely from Vietnam and has since commenced work. The trusty Gry Martitha has been stood down and will be sold off after decades of lifeline service.

Our financial results and the arrival of Menawethan represent such positive news that it is that much more disappointing that the Skybus service in recent months has been so unsatisfactory, with service levels dropping significantly, resulting in a detrimental impact on our customers on Scilly. Our Aurigny contract in the Channel Islands strained our aircraft and pilot resources to the limit and resulted in cancellations and delays on all routes, many at the last minute.

It would be inappropriate not to recognise the risks that this poses the for the aviation division. The Skybus Managing Director left the company at the end of June. We have recognised our mistakes and are working to win back the trust of our customers, but we have to recognise that in some cases it may take some time. Our CEO, Stuart Reid, has taken back direct responsibility for Skybus whilst we reflect on the required management structure and market availability.

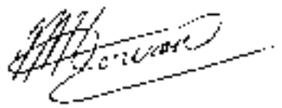
At last year's AGM a resolution to resume the dividends was approved. We intend to continue that practice on the same basis as last year, namely with a scrip issue being the default option. The resolution is to approve a dividend of

16p per share, 1p higher than last year. We hope that investors will gradually come to see us as a dividend paying company that is worthy of their attention.

Recent months have been a challenging time for all employees and the Board. I would like to thank them all for staying true to our values and for their unrelenting support in the face of adversity. We aspire to less troubled waters over the next twelve months.



Ian Howard















ISLES OF SCILLY STEAMSHIP COMPANY LIMITED

# BOARD OF DIRECTORS



## STUART REID
**CHIEF EXECUTIVE OFFICER**

Stuart joined Isles of Scilly Steamship Group as Chief Financial Officer in July 2013 and appointed as Chief Executive Officer in 2019. Stuart graduated from Cardiff University with a BSc (Hons) degree in Pharmacology & Toxicology and qualified as a Chartered Accountant in 2007. Stuart previously worked at Smart Solutions Recruitment, one of Wales fastest growing companies.

Stuart is a non-executive director of Visit Isles of Scilly, a not-for-profit organisation which exists to develop the Isles of Scilly as a visitor destination. He is also a member of the Isles of Scilly Transport Board, a trustee of the Cornish Pilot Gig Association and an Enterprise Advisor for Five Islands School. In his spare time, Stuart is a keen cyclist and triathlete competing over multiple distances.



## IAN HOWARD
**CHAIRMAN**

Ian joined the Board on 1 February 2019 becoming Chairman two months later.

Having qualified as a solicitor in 1980, Ian spent most of his working life with Siemens the global electronic concern undertaking a wide range of roles, the last of which, working out of Munich, was Senior Vice President, Mergers and Acquisitions.

Having left Siemens, Ian chaired the board of one of Europe's leading copper fabricators, MKM, until its sale in 2019. He now serves on the Board of the acquiring company KME SE.

In parallel, Ian has served on the boards of the British Triathlon Federation, the British Olympic Association and World Triathlon.



## JUDITH PIPER
**CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY**

Judith Piper joined the Isles of Scilly Steamship Group as Chief Financial Officer in October 2018 and was appointed as a Board Director in May 2019. Before joining the Group, Judith worked for W. Stevenson & Sons Ltd as Finance Director, Company Secretary and Acting Managing Director.

Her earlier career included Finance Manager at Unipart Group Ltd and Financial and Management Accountant at Westcountry Ambulance Services NHS Trust. Originally from Cornwall, Judith graduated from Plymouth University with a BSc (Hons) degree in Psychology. She qualified as an ACCA accountant in 2001 and was awarded Fellowship (FCCA) status in 2006. Judith lives in St. Levan with her husband and three children enjoying many sports activities and the local beaches.



## SAM HICKS
**SENIOR INDEPENDENT DIRECTOR**

Sam Hicks is from a longstanding St Agnes family. He was educated in Scilly, then at Truro School and graduated from the University of Bath in 2001 with a BSc Hons in Business Administration. He worked in various commercial management roles on the mainland before returning home to help grow the family business.

Together with his wife and parents he manages Troytown Farm dairy, self-catering cottages and campsite. Fully engaged in the local community, Sam is Watch Manager of the island fire service, captain of the cricket team and a member of the Shah gig crew. His three children have all attended the Five Islands School.







## STEPHEN HICKS

Born on St Mary's, Steve Hicks was educated on the island and at Truro School before becoming a cadet in the Merchant Navy with P&O. He spent over twenty years at sea predominantly in sea going tugs and in the offshore oil industry in the North Sea.

In 1995, Steve spent his first full year in the family passenger launch business. In February 2018, after twenty years, he sold the vessel built on St Mary's to his design in 1997. He is one of the three pilots licensed for the waters of Scilly and a former lifeboat crew member. He is now the Lifeboat Operations Manager for the St Mary's Station.

In the summer, Steve can still occasionally be seen on the passenger launches when acting as a relief skipper or crew. He spends time out in the Swordfish angling and on family leisure time. He is also finding time for doing watercolours of vessels and the islands and working on maintenance and projects in his boatshed.



## GARY RANDALL

Gary is a Chartered Accountant heading up a large practice that has offices in Devon and Cornwall. He has been a Non-Executive Director for the company since 2018 and reflects on the varying challenges that have been faced during that period.

The company has reported strong financial performance in recent years, and this provides a base from which to develop; the replacement vessel project is an exciting one, but navigating through the development and construction phase will require financial skill and judgment.

Gary hopes that his financial mind and commercial awareness will bring much needed support to the Executive Team.



## KEVIN GEORGE

Kevin's early career was with British Airways as an avionics engineer, progressing through to senior management roles in marketing and operations. In 2007, Kevin joined Monarch Airlines initially as their operations director before taking the position as CEO in 2011. After 30 years in aviation, he moved to the marine industry and joined the Red Funnel Group as CEO in 2014 and then became Chair in 2018 until 2021.

Kevin is currently the Chair of Aurigny Air Services in Guernsey.



## SONYA BASSETT

With over 25 years' experience in law and business, Sonya spent 10 years in corporate and commercial roles in a number of leading international law firms, Eversheds and Osborne Clarke (for whom she also worked in San Francisco), as well as five years in-house in the private sector as Legal Director for a leading renewable energy company running projects for both Tesco and Marks and Spencer and working closely with the government Department of Energy and Climate Change in respect of the Green Deal project.

Sonya is currently a Corporate solicitor working as a consultant for the international law firm Spencer West LLP specialising in mergers and acquisitions and company reorganisations, particularly with a view to becoming an Employee Ownership Trust. Sonya has notable experience in the tourism sectors and particularly enjoys working with and assisting businesses of all sizes in the South West region. In her spare time Sonya enjoys being fit and active and in particular embarking on outdoor adventures with her son, trips in their campervan and being in or on the water.



## ANDREW WALDER

Born on the Islands, Andrew was educated in Scilly, then Penwith College. He graduated from the University of Wales College Newport in 2000 with a BA Honours in Documentary Photography. In 2002, Andrew began his Cadetship with Trinity House studying for the Officer of the Watch certificate at Warsash Maritime Academy.

After 15 years at sea, 10 of which was working for the British Antarctic Survey, Andrew began to make his move to working ashore at home on the family farm on St Martins. Whilst working as skipper on the Inter-island boats, Andrew continued with ongoing work setting up SC Dogs distillery. Andrew is now ashore and, along with his wife and parents, is managing SC Dogs Distillery, SC Salt, holiday lettings and the family farm. Andrew has three children at the Five Islands Academy and is a volunteer in the St Martins Coastguard Rescue team.











# STRATEGIC REPORT

*For the year ended 31 March 2026*

The directors present their strategic report for the year ended 31 March 2026.

## PRINCIPAL ACTIVITY

The principal activities of the Group and its subsidiaries are the provision of regular sea and air services for passengers and cargo between the mainland and the Isles of Scilly. During the year under review, the Group continued the operation of ancillary activities including aeronautical engineering, fuel supplies, and road haulage services on St Mary's, inter-island freight and mail services, and the operation of Land's End Airport.

## REVIEW OF THE BUSINESS

The results for the year are shown in the profit and loss account on page 26. The financial year ended 31 March 2026 marks the seventh year under the Group's new strategic direction. Despite losses associated with the discontinued PSO operation, the Group delivered another record financial performance.

## PASSENGER NUMBERS

Total passengers for the year were on a par with last year at 179,830 (2025: 180,141).

Day trip numbers remained strong at 44,596 which was also in line with last year (2025: 44,687) and accounted for 25% of total passengers. The continuing high numbers of day trippers is encouraging for both the Group and the islands as our research shows that passengers who initially visit on a day trip often return for an extended stay in later years.

## PROFIT BEFORE TAX AND FINANCIAL PERFORMANCE

The Group reported a record profit before tax of £3.11m (2025: £3.04m). EBITDA increased to £4.97m (2025: £4.59m). The strong financial results are despite a significant loss of £0.89m from the discontinued Newquay PSO operation. Passenger numbers on the PSO route were lower than forecast from the outset due to the legacy of Eastern Airways' unreliable service, and when Cornwall Council announced in February that the PSO was being terminated there was a further fall off in ticket sales. The PSO route was planned to be positive over a 4-year period. It is immensely disappointing, therefore, that the Group has not been able to retrieve the losses incurred due to the termination of the PSO.

## SAFETY AND SECURITY

Safety remains the absolute priority of the Group and underpins every aspect of our operations. We hold weekly Marine and Aviation Management meetings, with regular input from the Group's dedicated safety managers. We have Safety Management Systems in place to monitor the reporting of potential and actual incidents, ensuring that follow-up actions are discussed and implemented to reduce the risk of future incidents.

The Group's Risk Management Team, which comprises of senior managers from both the marine and aviation divisions, meet regularly to review and update business continuity plans, ensuring that risks are appropriately mitigated. Managers frequently review operational risk assessments and method statements to ensure they remain relevant and robust.

I would like to thank our employees across the Group for continuing to promote our health and safety culture and for their ongoing commitment to keeping our passengers, colleagues and operations safe.

## STRATEGIC OVERVIEW

Last year we launched our 2030 Business Strategy which set out a clear roadmap for strengthening our core lifeline services while diversifying revenue streams and improving long-term financial performance.

Although our vision "Delivering for Scilly" remains true, focusing on our core can also present longer-term risks to the Group. We need all divisions, both marine and aviation, to be profitable to ensure the Group can meet its financial obligations as they fall due. The strategy therefore recognises that we must look outside of the core market and diversify to protect the Group and the lifeline link.

Our Group's strategic objective is "to protect the Isles of Scilly lifeline link by improving financial performance through delivering a safe, reliable and affordable service" and is built around five key targets:

1. Delivering improved financial performance, targeting £8m EBITDA by 2030;
2. Delivering safe passenger and freight services, targeting zero harm to passengers and employees;
3. Delivering reliable passenger and freight services through the implementation of new and well-maintained assets;
4. Delivering affordable passenger and freight services through maximising revenue and diversifying into new markets;
5. Delivering passenger and freight services which minimise the impact on our environment, seeking Government support to achieve our path to carbon net zero by 2050.

During the year, progress was made in meeting the 2030 strategy: EBITDA improved, we have maintained our high safety standards, and the Aurigny service is contributing financially. Since year-end, the introduction of Menawethan has improved freight service reliability and capacity.

Despite some setbacks, in particular in relation to Skybus which I focus on later in my report, we continue to embrace this strategy and work with our stakeholders to deliver long-term value, protect the lifeline link and deliver for Scilly.

## MARINE

Scillonian III remains a stalwart of the Group, both operationally and financially. Passenger numbers remain strong and, despite some inevitable mechanical breakdowns during the year due to its age, Scillonian III continues to offer a reliable service that we hope will continue until the end of its service in November 2026.

The age of the vessels, and the associated correlation with reduced reliability, was highlighted when Gry Maritha's windlass required major repair in November 2025 and negatively impacted freight operations for 4 months due to the need to manufacture and rebuild sections of the forward windlass. We took every action possible to keep the lifeline freight service secure by utilising our fleet of

vessels and subcontracting 3rd party vessels under long term charter arrangements.

The service disruption this financial year, and the subsequent costs incurred, ratified the Board's decision taken in 2024 that the Group should accelerate its vessel replacement programme to maintain resilience in the lifeline passenger and freight links.

Our landing craft, Gugh, provides valuable support to our freight services with a particular focus on delivering plant, equipment and building supplies for construction projects on Scilly.

## VESSEL REPLACEMENT PROJECT

In June this year we welcomed our new cargo vessel, Menawethan, which commenced full operation in July. The arrival of this vessel was the culmination of many years of work by the Board and the new vessels project team and demonstrates the Group's commitment to Scilly. Menawethan provides higher capacity of freight and significantly improves reliability. The tier 3 engines and hybrid propulsion system will also reduce our environmental impact.

The privately financed new vessels will bring a significant improvement to our marine services and we hope that seeing Menawethan arrive provides assurances to the community of our mission to deliver for Scilly and protect the lifeline link.

There has been such positive feedback from employees and the community about the Menawethan and there is growing excitement about the delivery of Scillonian IV which will arrive early next year. I would like to thank everyone involved in the new vessels project. A special thanks go to our project team in Penzance and particularly in Vietnam who continue to oversee the build of Scillonian IV.

We are reviewing the status of our inter-Island vessels, Lyonesse Lady and Swift Lady and are making plans for their replacement in the near future to ensure a reliable and enhanced service offering.

## AVIATION

It has been frustrating, to say the least, that the poor reliability of Skybus over the past few months has overshadowed such positive progress in other areas.

We are truly sorry that the community and its visitors have had to suffer the level of service disruption it has this year. The bottom line is that the timescale for implementing the Aurigny operation was far too optimistic. Commitments were made before the 2 new aircraft were in place and the required number of pilots to service the Channel Islands operation were fully trained. This led to significant pressure on our ability to service both the Scilly and Aurigny operations.

Our aviation division, consisting of Skybus and Land's End Airport, has to be financially independent from the rest of the Group. It cannot continue to be supported by the marine division. The Aurigny service has proven to be financially positive despite operational challenges. In line with the 2030 strategy, this contract supports our diversification aims and improves profitability for both Skybus and the Group. We are expecting our sixth Twin Otter, and second aircraft to serve Guernsey, imminently to arrive from Canada and this will improve aircraft availability. We are also working with Aurigny to deliver an enhanced pilot training plan to ensure all pilots are trained and ready to deliver for both Scilly and the Channel Islands.

## ISLAND CARRIERS

Island Carriers has grown from strength to strength: the management team in place has turned the business from loss-making to strong profitability in just a few years. There has been strong growth due to the high demand for its delivery services and its ability to support Island freight projects. The recent increase in fuel services following the acquisition of Sibley's fuels during the year means that the business is busier than ever and its future looks bright. I would like to thank everyone involved in making this business such a success.

## GROUP EMPLOYEES

The average number of employees during the year was 236 (2025: 214). This increase reflects the recruitment of many new pilots during the year to operate the PSO and the Aurigny services.

I would like to extend my sincere thanks to all of our employees. This past year has been a difficult time for many employees and their continued commitment and expertise in delivering outstanding customer service is exceptional and does not go unrecognised.

## STAKEHOLDERS

I would like to sincerely thank our customers for their loyalty during the difficult past few months. We are confident that next season will be successful due to improved resilience, both on the marine and aviation divisions of the Group. We remain committed to delivering a robust and resilient service that we can all be proud of.

Our wider stakeholder network continues to play a vital role in enabling us to operate efficiently and to a high standard. We collaborate regularly with harbour authorities, airport operators, service partners, and product suppliers to enhance service delivery and operational performance. Their support is invaluable and integral to the provision of the high-quality service we provide.

## ENVIRONMENTAL SUSTAINABILITY

We are conscious that, as a transport company, our activities have an environmental impact. In line with our 2030 strategy, the Group has committed to minimising its environmental impact and supporting the UK Government's Net Zero 2050 ambitions.

Our objectives include:

- Developing an environmental roadmap with carbon reduction milestones;
- Introducing new vessels and investing in energy-efficient operations to significantly reduce our carbon footprint;
- Lobbying for local infrastructure investment in Cornwall and the Isles of Scilly to support carbon-efficient operations;
- Seeking grant funding for clean energy projects at our freehold and leasehold sites;
- Reducing office waste and electrifying ground support operations.

Our Environmental Committee supports the Group's environmental strategy by making recommendations and assisting senior management in achieving this strategy.

## KEY CHALLENGES

The immediate key challenge will be to continue plans to stabilise Skybus. The priority is training and recruiting pilots to serve the Channel Islands operation to ensure we have a full complement of pilots ready for the start of next season. The majority of this training can only occur during the quieter winter months and it has therefore been with regret that the solution to the problem of Skybus' lack of pilot resources could not be resolved more quickly to counter the problems faced this season which resulted in numerous scheduling changes.

The resilience of freight transport has been vastly improved with the introduction into operation of Menawethan. Scillonian III, despite its excellent reputation for reliability, is now operating its final season and has experienced inevitable signs of engine issues leading to increased disruption to service due to its age. The new vessels project team is now focusing efforts to ensure Scillonian IV is introduced to service in March 2027 which will add resilience to the passenger service.

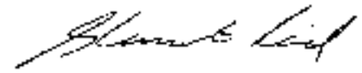
## OUTLOOK

Despite a very difficult time for the Group over the past 12 months, the future looks very promising. At the start of next season, we will have 2 new vessels to provide improved capacity and resilience for both freight and passenger operations. We will also have 2 new Twin Otter aircraft and trained pilots to serve both the Scilly and Aurigny routes.

The significant investments the Company has made will provide the basis for long-term, sustainable growth across all areas of the business. We remain focused on identifying opportunities to strengthen our core operations, enhance resilience, and invest in areas that will deliver long-term value for our customers, communities and stakeholders and improve our financial position in line with our 2030 strategy.

Approved by the Board on 22 July 2026 and signed on its behalf by:





**Stuart Reid**
Chief Executive Officer









# FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks which include price risk, credit risk and foreign exchange risk. The Group's financial risk management framework identifies and mitigates key financial risks. Regular financial reporting, including financial and cashflow forecasts, provides management with accurate, timely information to support decision-making and ensure regulatory compliance.

During the year, the Group continued to face price risks which impacted operating costs. Most notable during this financial year was the increase in Employer's National Insurance which added a £200,000 cost to the Group. In addition, fuel prices increased significantly as a result of the Iran war. The Group manages the price risk of fuel through a combination of forward contracts, spot rate buys when favourable and appropriate management of stock holdings.

The Group is facing further significant (18%) increases from St Mary's Airport in relation to landing fees for the forthcoming year which adds further pressure to our Aviation division which strives to keep prices as low as possible.

The Group has limited suppliers of both shipping and aviation parts and mitigates this risk by holding appropriate levels of stock. The Group has aviation consumable suppliers with liabilities which are settled in dollars. The Group manages currency risk on such goods through spot rate buys when favourable.

Credit checks are performed on potential and established customers. The amount of credit risk exposure to any individual customer is controlled by means of a credit limit that is set and monitored by the business.

The Group is susceptible to changes in the economic environment and consumer confidence in the UK.

In May 2020, the Group signed an aircraft finance lease commitment repayable over 8 years, with the option to extend the final payment over another 2 years. In July 2021, the Group signed a forward contract to mitigate exchange rate risk exposure over the term of the lease which has resulted in very favourable outcomes.

To manage liquidity risk, the Group prepares rolling 12-month cashflow forecasts and at least annual updates to the 5-year cashflow forecast.

Capital expenditure plans are reviewed by the Board during the budget-setting process before being subject to detailed review by the Executive prior to authorisation. The Group controls expenditure on the new vessels by ensuring variation orders are signed off by the Executive or, where above £20,000, the Marine Asset Replacement Committee.

The Lombard NatWest new vessels loan is at a fixed pound sterling amount. However, Piriou invoice in euros and therefore the Group is subject to foreign exchange rate risk. At the outset of new vessels contract signing in January 2024, the Group set up forward contracts to minimise the risk of currency fluctuations. In addition, the new vessels loan interest rate is currently on a variable interest rate in line with the Bank of England base rate. However, after the new vessels are in operation, the Group will have the option to fix the interest rate when it is appropriate to do so. The Group monitors loan covenant compliance on a monthly basis by reviewing cashflow and financial forecasts.






ISLES OF SCILLY STEAMSHIP COMPANY LIMITED

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to high standards of corporate governance and believes that a strong governance structure is critical to future growth and stability. The Group strives to maintain integrity and professionalism at all times. Our values of safety, people, excellence, transparency, respect, trust, collaboration and community form a framework for our decision-making.

The Board of Directors, led by the Chairman, Ian Howard, is the principal decision-making forum for the Group. It has overall responsibility for leading and controlling the Group and is accountable to the shareholders for financial and operational performance. The Board approves Group strategy and monitors performance.

Building on this existing platform of sound governance, we are pleased to provide our Environmental, Social and Governance (ESG) report. Every one of our trading companies can play its part in addressing ESG issues, including those in our local stakeholder communities. Our ESG Report aims to capture our approach to the environment, to people and to governance.

## ENVIRONMENTAL

The membership of the Environmental Committee is made up of a representative from each area of the Group with Sonya Bassett (a Non-Executive Director) as Chair. The Committee meets on a quarterly basis.

The Committee's remit is to review and develop the Group's environmental strategy and support the CEO, CFO and senior management team by making recommendations to assist them in achieving the Group's environmental aspirations.

The Committee has developed an environmental strategy and has set achievable targets in every area of the Group. These include working with other community environmental initiatives in order to protect and improve our environment and the Group's contribution to it.

The environmental impact of transport is a significant concern, with the UK facing challenges in reducing greenhouse gas emissions and air pollution. Environmental issues are an important factor when we look to the future of our transport activities, and they featured heavily in the design of the new vessels. The Group has and will ensure that its future ships and aircraft are designed such that they may be adapted to more environmentally friendly propulsion systems in the coming years.

In the meantime, the Committee has focused on reducing electricity consumption throughout the Group. The Green Champions are a great addition to the Group and are working as a team and within their departments to encourage a greener approach to everyday life within the Group.

## SOCIAL

We aim to be a socially responsible employer and make this part of our internal culture. We strive to ensure that there is no discrimination in the organisation and have a more gender-balanced Board with at least two female members.

We strive to be transparent and honest in both our internal and external communications. We support various community groups and give back around £0.5m every year through discounted travel for the Island community and the NHS.

Through the donation facility on our website's booking pages, we support a number of local charities such as St Mary's Haven, Cornwall Air Ambulance, and the Isles of Scilly Wildlife Trust, ensuring the Island's wildlife thrives and the stunning landscape remains so for future generations. We also support numerous sporting and cultural bodies visiting the islands by providing discounts. Beneficiaries include theatre companies, Scilly 60 athletes, and most prominently participants in the World Gig Rowing Championships.







We are sensitive to domestic and global human rights issues and will not knowingly source from suppliers guilty of human rights abuses such as the employment of under-age children. During the year, the Group carried out work to ensure it maintains a zero-tolerance policy against modern slavery, human trafficking, and forced labour. The Group also conducted work to ensure its supply chain was compliant with the Modern Slavery Act 2015.

## GOVERNANCE

The Board is sensitive to, and driven by, good Corporate Governance. Stuart Reid, Chief Executive Officer, holds primary responsibility for the running of the business on a day-to-day basis. Judith Piper, Chief Financial Officer, supports Stuart in his role and together the two Executive Directors provide regular reports to the Board to enable Board members to make informed, effective and timely decisions. The Board is supplied with comprehensive and timely reports in advance of each meeting, covering all the Group's business activities. Financial and operational reports are reviewed and discussed along with the Group's strategic aims together with performance, financial and risk management. Board meetings are structured to allow open discussion by all Directors.

As at the date of approval of the Group accounts, the Board comprises seven Non-Executive Directors and two Executive Directors. One of the Non-Executive Directors is appointed as Senior Independent Director (SID) who acts as a sounding board for the Chair and helps the other board members share their concerns. The Directors believe that the Board functions effectively and efficiently. The Directors provide a mix of skills, experience and expertise appropriate to the size of the business and its activities. Our committee structure ensures that other areas of governance are vouchsafed. The Chairman, CEO and CFO may attend any Committee at their discretion. Equally, the relevant Committee Chairman may proactively invite one or more of the aforesaid directors to attend any meeting of his or her Committee.

Directors are appointed in accordance with a fair and transparent process through the Nominations Committee. Executive director pay is addressed by the Remuneration Committee. Our Audit Committee, in conjunction with external auditors, tests the robustness of financial controls to reduce the risk of fraud and other forms of financial corruption. The audit committee's terms of reference include key company policies, such as risk management and treasury, and are reviewed and updated regularly.

The Board ensures that procedures for identifying, declaring and managing actual and potential conflicts of interest are carried out in accordance with the Company's Articles of Association and the Companies Act 2006. The Board is satisfied that all directors have complied with their statutory obligations regarding conflicts of interest throughout the year.

We ensure the privacy of customer data through compliance with the relevant regulations and are ever vigilant to the risk of cyber security, the risks of which we take all reasonable measures to mitigate.

## DIRECTORS' REMUNERATION

| | Salary | Fees | Benefits in kind | Total | | Pension contributions | |
|---|---|---|---|---|---|---|---|
| | **2026** | **2026** | **2026** | **2026** | **2025** | **2026** | **2025** |
| | | **£** | **£** | **£** | **£** | **£** | **£** |
| **EXECUTIVE DIRECTORS** | | | | | | | |
| S Reid | 136,206 | - | 9,982 | **146,188** | 137,995 | **16,443** | 43,604 |
| J Piper | 96,857 | - | 1,862 | **98,719** | 120,976 | **10,329** | 1,316 |
| J Hinkles | 84,837 | - | - | **84,837** | - | **1,031** | - |
| **NON-EXECUTIVE DIRECTORS** | | | | | | | |
| I Howard | - | 30,678 | - | **30,678** | 30,003 | **-** | - |
| T S Hicks | - | 13,353 | - | **13,353** | 12,326 | **-** | - |
| S M Hicks | - | 10,869 | - | **10,869** | 10,033 | **-** | - |
| G Randall | - | 10,869 | - | **10,869** | 10,033 | **-** | - |
| K George | - | 14,249 | - | **14,249** | 47,053 | **-** | - |
| S Bassett | - | 10,869 | - | **10,869** | 10,033 | **-** | - |
| A Walder | - | 10,869 | - | **10,869** | 10,033 | **-** | - |
| | **317,900** | **101,755** | **11,844** | **431,500** | 388,485 | **27,803** | 44,920 |

* Includes bonus based on performance-related targets for the Executive Directors | S Reid's benefits in kind relate to the provision of a fully expensed motor vehicle | J Piper's benefits in kind relate to the provision of a motor vehicle (50% contribution) | J Hinkles' payments are from appointment as a director of Isles of Scilly Skybus Ltd on 18 June 2025

## REMUNERATION COMMITTEE

The Members of the Remuneration Committee are Sam Hicks, Gary Randall and Sonya Bassett (Chair). The committee met as required.

The Committee's remit is to determine and agree with the Board the financial and non-financial targets, salary and benefits for the Executive Directors and Chairman, as well as to work with the Executive Directors to assist in the design of any performance related pay schemes operated by the Group by reviewing the workforce remuneration and related policies and methodology. Recommendations are made after obtaining information from a variety of sources to benchmark the quantum of salary and benefits of the contracts. Legal and employment advice is taken when required and new contracts are checked by consultants to ensure compliance with employment law and best practice.
The Committee has been active throughout the year, holding quarterly formal meetings. It is key to the Committee to ensure that the setting of targets, particularly non-financial targets, are aligned with the Group's mission and values and to best serve the islands. A Group pay award was approved at the start of the financial year for all employees which took into account both the level of inflation and the financial targets for the Group.




## NOMINATIONS COMMITTEE

Members of the Nominations Committee at the end of the year were Ian Howard (Chairman), Steve Hicks and Sonya Bassett.

The Committee has a wide remit which includes:

i. an annual review of the UK Corporate Governance Code Guidance to evaluate whether a director's external commitments hinder their ability to dedicate sufficient time to the Group;
ii. reviewing the Board's structure, size and composition;
iii. identifying and nominating candidates to fill Board vacancies;
iv. reviewing the time commitment required from non-executive directors to fulfil their responsibilities;
v. formulating succession plans for executive and non-executive directors;
vi. recommending changes to the membership of all Board Committees as and when required.

The Committee met on a number of occasions throughout the year, in particular to discuss the upcoming retirement of a number of directors due to term limits. Skills gap reviews take place from time-to-time and we are currently looking for an additional non-executive director with corporate finance experience.

## AUDIT COMMITTEE

The members of the Audit Committee are Sam Hicks, Steve Hicks and Gary Randall (Chairman). The committee met as required.

The Committee possesses a range of experience and commercial knowledge with the current Chairman being a Registered Auditor. When appropriate, advice is sought from external professionals and we constantly strive to keep up to date with changing audit priorities, risks, best practice and good governance.

The regulatory environment in which the Group operates is challenging and the Executive Team work hard to ensure a high level of corporate governance. The Audit Committee seek to challenge and assist in delivering high level compliant standards.

The Audit Committee's role is first and foremost to monitor the integrity of the financial statements of the Group and any formal communications relating to the Group's performance, review the Group's internal financial controls, and monitor the effectiveness of the Group's internal audit function. The committee also considers and recommends to the Board, the appointment of external auditors for approval by shareholders at the AGM.

The Chairman is invited to attend audit meetings as and when appropriate. Risk and compliance is a constant focus at all our meetings, we monitor the risk reporting and compliance process and provide critical challenge as appropriate. The risk management committee report to the Audit Committee and Board on continuity risks and actions identified to mitigate these risks. The Audit Committee provides oversight and reassurance, specifically with regard to the integrity of the Group's financial reporting, audit arrangements and internal control processes. The Audit Committee is committed to this responsibility.





## SKYBUS COMMITTEE

The Skybus Committee supports the Board by providing oversight, governance and strategic direction for the Group's aviation business. The Committee comprises Ian Howard (Chairman), Sam Hicks, Kevin George, Stuart Reid and Judith Piper.

The Committee operates under delegated Terms of Reference approved by the Board and met on 8 occasions during the financial year. It considered a broad range of operational, financial and strategic matters, including safety performance, operational resilience, fleet and pilot resourcing, commercial performance, regulatory compliance and business development opportunities. Significant matters, including new aircraft, commercial contracts and strategic partnerships, were reviewed by the Committee before being recommended to the Board where appropriate.

Throughout the year Jonathan Hinkles, as Managing Director of Skybus, presented regular reports to the Committee covering operational and financial performance, strategic initiatives and business risks. These reports were reviewed in detail and challenged by Committee members to ensure appropriate governance and oversight of the airline's activities.

During the year Skybus commenced new operations in both the Channel Islands and on the Newquay–London Public Service Obligation route as part of its longer-term growth strategy.

Following Jonathan Hinkles' departure by mutual agreement on 30 June 2026, Stuart Reid assumed the role of Interim Managing Director of Skybus. The Committee is overseeing a programme to stabilise operations, improve service reliability and rebuild customer confidence. Alongside immediate actions to strengthen operational resilience and customer service, the Committee is also overseeing the delivery of a longer-term fleet introduction and pilot training programme to support the sustainable growth of the airline.





# DIRECTORS' REPORT

*For the year ended 31 March 2026*

The directors present their report for the year ended 31 March 2026.

## DIRECTORS OF THE COMPANY

The directors who held office during the year were as follows:

| | Committees |
|---|---|
| **Current directors:** | |
| Stuart Reid | M, K |
| Judith Piper | M, K |
| Ian Howard | N, K |
| Gary Randall | A, M, R |
| Stephen Hicks | A, M, N |
| Sam Hicks | A, R, K |
| Kevin George | M, K |
| Sonya Bassett | E, N,R |
| Andrew Walder | S |

'A' signifies that the director is a member of the Audit Committee.

'R' signifies that the director is a member of the Remuneration Committee.

'N' signifies that the director is a member of the Nominations Committee.

'M' signifies that the director is a member of the Marine Asset Replacement Committee.

'E' signifies that the director is a member of the Environmental Committee.

'S' signifies that the director is Chairman of the Steamship Advisory Board.

'K' signifies that the director is a member of the Skybus Committee.

The Chairman, Chief Executive Officer and Chief Financial Officer may attend any committee at their discretion.

The interests of the directors in the ordinary shares of the Company as at 31 March 2026 are set out below. There have been no changes to these interests between 1 April 2026 and 22 July 2026.

| | **2026** | 2025 |
|---|---|---|
| Ian Howard | **99,652** | 95,394 |
| Stephen Hicks | **2,737** | 2,620 |
| Andrew Walder | **1,595** | 1,030 |
| Stuart Reid | **470** | 450 |

## DIVIDENDS

Post year-end the directors propose the payment of a dividend of 16p for the year ended 31 March 2026 (2025: 15p).

**Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 22 July 2026 and signed on its behalf by:

**Mr I Howard**
Chairman










# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for preparing the Annual 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.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

## OPINION

We have audited the financial statements of Isles of Scilly Steamship Company Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2026, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'(United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2026 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

## RESPONSIBILITIES OF DIRECTORS

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group at the planning stage of the audit. Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related company legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Secondly, the group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the company's licence to operate. In making this assessment we determined that the most significant elements of legislation include licencing laws, employment laws and regulations, The General Data Protection Regulation (GDPR), and health and safety legislation.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:
- Enquiries of management regarding their knowledge of any non compliance with laws and regulations that could affect the financial statements.
- Considering the filings made at Companies House, and any omissions thereon.
- Reviewing the most recent Civil Aviation Authority, and Maritime and Coastguard Agency certificates, and where there had been visits discussing with management their findings.
- Discussing with management compliance with licencing legislation and health and safety legislation.
- Searched the Information Commissioner's Office website for any reported GDPR breaches.
- Reviewed Board minutes.

As part of these enquiries we discussed with management whether there have been any known instances, allegations or suspicions of fraud.

We also evaluated the risk of fraud through management override including that arising from management's incentives. The key risks we identified were around profit management and we determined that the principal risks were related to management bias in accounting estimates.

In response to the identified risk, as part of our audit work we:
- Used data analytics to test journal entries throughout the year meeting certain high risk criteria, for appropriateness.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.
- Testing for common bank details for suppliers and staff.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate omissions, collusion, forgery, misrepresentations, or the override of controls. We are also less likely to become aware of instances of non-compliance with laws and regulation that are not closely related to events and transactions reflected in the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## USE OF OUR REPORT

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.

**Nicola Cornish | BSc BFP FCA CTA**
(Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor,
Lowin House,
Tregolls Road, Truro,
Cornwall, TR1 2NA

Date: 11 September 2026



ISLES OF SCILLY STEAMSHIP COMPANY LIMITED

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

*Year Ended 31 March 2026*

| | Notes | 2026 Continuing operations (£000) | 2026 Discontinued operations (£000) | 2026 Total £ 000 | 2025 Total £ 000 |
|---|---|---|---|---|---|
| **TURNOVER** | 3 | 24,332 | 2,495 | **26,827** | **21,688** |
| Cost of sales | | (21,026) | (3,381) | **(24,407)** | **(18,734)** |
| **GROSS PROFIT/(LOSS)** | | 3,306 | (886) | **2,420** | **2,954** |
| Other operating income | 4 | 750 | - | **750** | **163** |
| **OPERATING PROFIT/(LOSS)** | 5 | 4,056 | (886) | **3,170** | **3,117** |
| Gain on financial assets at fair value through profit and loss account | 29 | 121 | - | **121** | **-** |
| Other interest receivable and similar income | 9 | 87 | - | **87** | **94** |
| Interest payable and similar charges | 10 | (267) | - | **(267)** | **(169)** |
| **PROFIT BEFORE TAX** | | 3,997 | (886) | **3,111** | **3,042** |
| Taxation | 11 | (37) | - | **(37)** | **2** |
| **PROFIT/(LOSS) FOR THE FINANCIAL YEAR** | | 3,960 | (886) | **3,074** | **3,044** |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *Year Ended 31 March 2026* | 2026 (£000) | 2025 (£000) |
|---|---|---|
| **PROFIT FOR THE YEAR** | **3,074** | **3,044** |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **3,074** | **3,044** |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:** | | |
| Owners of the company | **3,074** | **3,044** |

The notes on pages 31 to 45 form an integral part of these financial statements.



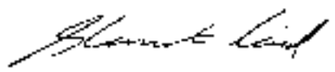


# CONSOLIDATED BALANCE SHEET

*Year Ended 31 March 2026*

| | Notes | 2026 (£000) | 2025 (£000) |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Intangible assets | 12 | **1,012** | **371** |
| Tangible assets | 13 | **51,291** | **36,629** |
| Investment property | 14 | **293** | **297** |
| | | **52,596** | **37,297** |
| **CURRENT ASSETS** | | | |
| Stocks | 16 | **2,160** | **1,586** |
| Debtors | 17 | **3,989** | **2,071** |
| Investments | 18 | **2,018** | **-** |
| Cash at bank and in hand | | **5,306** | **7,162** |
| | | **13,473** | **10,819** |
| **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR** | 20 | **(14,092)** | **(10,842)** |
| **NET CURRENT ASSETS** | | **(619)** | **(23)** |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **51,977** | **37,274** |
| **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR** | 20 | **(26,342)** | **(14,825)** |
| Provisions | | **(443)** | **(349)** |
| Deferred tax liabilities | | **(216)** | **(179)** |
| **PROVISIONS FOR LIABILITIES** | 24 | **(659)** | **(528)** |
| **NET ASSETS** | | **24,976** | **21,921** |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 26 | **1,515** | **1,455** |
| Share premium account | | **523** | **384** |
| Profit and loss account | | **22,938** | **20,082** |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY** | | **24,976** | **21,921** |
| **SHAREHOLDERS' FUNDS** | | **24,976** | **21,921** |

Approved and authorised by the Board
on 22 July 2026 and signed for by:



**Mr S Reid**
Director

Company Registration Number 00165746

The notes on pages 31 to 45 form an integral part of these financial statements.

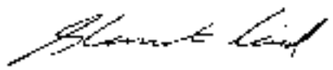
# COMPANY BALANCE SHEET

| *Year Ended 31 March 2026* | Notes | 2026 (£000) | 2025 (£000) |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Intangible assets | 12 | **333** | **371** |
| Tangible assets | 13 | **3,349** | **3,521** |
| Investments | 15 | **4,165** | **4,165** |
| | | **7,847** | **8,057** |
| **CURRENT ASSETS** | | | |
| Debtors | 17 | **2,100** | **2,071** |
| Investments | | **2,018** | **-** |
| Cash at bank and in hand | | **5,273** | **7,138** |
| | | **9,391** | **9,209** |
| **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR** | 20 | **(201)** | **(483)** |
| **NET CURRENT ASSETS** | | **9,190** | **8,726** |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **17,037** | **16,783** |
| **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR** | 20 | **(440)** | **(485)** |
| **PROVISIONS FOR LIABILITIES** | 24 | **(134)** | **(143)** |
| **NET ASSETS** | | **16,463** | **16,155** |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 26 | **1,515** | **1,455** |
| Share premium reserve | | **523** | **384** |
| Profit and loss account | | **14,525** | **14,316** |
| **SHAREHOLDERS' FUNDS** | | **16,463** | **16,155** |

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006.
The company made a profit after tax of £327,000 (2025 - £8,104,000).

In the prior year, £8,000,000 of the profit related to an intercompany dividend from Isles of Scilly Shipping Company Limited to Isles of Scilly Steamship Company Limited carried out on 24 July 2024.

Approved and authorised by the Board
on 22 July 2026 and signed for by:



**Mr S Reid**
Director

Company Registration Number 00165746

The notes on pages 31 to 45 form an integral part of these financial statements.





# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| *Year Ended 31 March 2026* | Share capital (£000) | Share premium (£000) | Profit and loss account (£000) | **Total equity (£000)** |
|---|---|---|---|---|
| At 1 April 2025 | 1,455 | 384 | 20,082 | **21,921** |
| Profit for the year | - | - | 3,074 | **3,074** |
| Total comprehensive income | - | - | 3,074 | **3,074** |
| Dividends | - | - | (218) | **(218)** |
| New share capital subscribed | 60 | 139 | - | **199** |
| **At 31 March 2026** | **1,515** | **523** | **22,938** | **24,976** |

| | Share capital (£) | Share premium (£) | Profit and loss account (£) | Total equity (£) |
|---|---|---|---|---|
| At 1 April 2024 | 1,455 | 384 | 17,038 | 18,877 |
| Profit for the year | - | - | 3,044 | 3,044 |
| Total comprehensive income | - | - | 3,044 | 3,044 |
| At 31 March 2025 | 1,455 | 384 | 20,082 | 21,921 |

# COMPANY STATEMENT OF CHANGES IN EQUITY

| *Year Ended 31 March 2026* | Share capital (£000) | Share premium (£000) | Profit and loss account (£000) | **Total (£000)** |
|---|---|---|---|---|
| At 1 April 2025 | 1,455 | 384 | 14,316 | **16,155** |
| Profit for the year | – | – | 327 | **327** |
| Total comprehensive income | – | – | 327 | **327** |
| Dividends | | | (218) | **(218)** |
| New share capital subscribed | 60 | 139 | - | **199** |
| **At 31 March 2026** | **1,515** | **523** | **14,425** | **16,463** |

| | Share capital (£) | Share premium (£) | Profit and loss account (£) | Total (£) |
|---|---|---|---|---|
| At 1 April 2024 | 1,455 | 384 | 6,212 | 8,051 |
| Profit for the year | – | – | 8,104 | 8,104 |
| Total comprehensive income | – | – | 8,104 | 8,104 |
| At 31 March 2025 | 1,455 | 384 | 14,316 | 16,155 |

The notes on pages 31 to 45 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

*Year Ended 31 March 2026*

| CASH FLOWS FROM OPERATING ACTIVITIES | Notes | 2026 (£000) | 2025 (£000) |
|---|---|---|---|
| Profit for the year | | **3,074** | **3,044** |
| **ADJUSTMENTS TO CASH FLOWS FROM NON-CASH ITEMS** | | | |
| Depreciation and amortisation | 5 | **1,691** | **1,480** |
| Changes in fair value of investment property | 14 | **6** | **-** |
| Loss/(profit) on disposal of tangible assets | | **102** | **(12)** |
| Gain on financial assets at fair value through profit and loss | 29 | **(121)** | **-** |
| Finance income | 9 | **(87)** | **(94)** |
| Finance costs | 10 | **267** | **169** |
| Corporation tax expense | 11 | **37** | **(2)** |
| | | **4,969** | **4,585** |
| **WORKING CAPITAL ADJUSTMENTS** | | | |
| Increase in stocks | 16 | **(574)** | **(72)** |
| (Increase)/decrease in debtors | 17 | **(1,797)** | **344** |
| Increase in creditors | 20 | **2,123** | **63** |
| Increase in provisions | 24 | **94** | **82** |
| Decrease in government grants | | **(71)** | **(71)** |
| Net cash flow from operating activities | | **4,744** | **4,931** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest received | | **87** | **94** |
| Acquisitions of tangible assets | | **(11,876)** | **(17,578)** |
| Proceeds from sale of tangible assets | | **4** | **14** |
| Acquisition of intangible assets | 12 | **(746)** | **(70)** |
| Acquisition of investment properties | 14 | **(2)** | **(297)** |
| Acquisition of investments - bank deposit investment account | 18 | **(2,018)** | **-** |
| Net cash flows from investing activities | | **(14,551)** | **(17,837)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Interest paid | 10 | **(267)** | **(169)** |
| Interest capitalised | | **(1,217)** | **(324)** |
| Proceeds from bank borrowing draw downs | | **10,060** | **13,559** |
| Repayment of bank borrowing | | **(122)** | **(92)** |
| Payments to finance lease creditors | | **(484)** | **(241)** |
| Dividends paid | 26 | **(19)** | **-** |
| Net cash flows from financing activities | | **7,951** | **12,733** |
| Net decrease in cash and cash equivalents | | **(1,856)** | **(173)** |
| Cash and cash equivalents at 1 April | | **7,162** | **7,335** |
| Cash and cash equivalents at 31 March | | **5,306** | **7,162** |

The notes on pages 31 to 45 form an integral part of these financial statements.





# NOTES

*to the financial statements, Year Ended 31 March 2026*

## 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:
Hugh Town, St Mary's, Isles of Scilly, TR21 0LJ

## 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 were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (2024)' (FRS102) and the Companies Act 2006.

The company has early adopted the Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs Periodic Review 2024 (FRS 102 periodic review amendments 2024) contained within FRS 102 (2024) which, if not early adopted, are applicable for periods beginning on or after 1 January 2026.

**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 group has early adopted the amendments from the Periodic Review 2024 to FRS102 with effect from 1 April 2025. In accordance with the transitional provisions of the standard, comparatives have not been restated. This has resulted in the group recognising right of use assets and lease liabilities for all leases previously treated as operating leases (except for short term leases or low value assets). Further details of the impact of this change has been disclosed in note 30. There has been no further impact on the financial statements from the early adoption of these amendments.

The functional currency of the group is considered to be pounds sterling because this is the currency of the primary economic environment in which the company operates.

**Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2026.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax of £327,000 (2025 - £8,104,000).

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

**Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

**Summary of disclosure exemptions**

FRS102 allows a qualifying entity certain disclosure exemptions subject to certain conditions which the company has complied with. This includes the notification of, and no objection to, the use of such exemptions by the company's shareholders.

On this basis the company has taken advantage of the following exemptions:

i) From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows included in these financial statements includes the company's cash flows;

ii) From the financial instrument disclosures, required under FRS102 paragraphs 11.39 to 11.48A as the information is provided in the consolidated financial statement disclosures.

The Group and company have also taken advantage of the exemption under FRS102 paragraph 33.1A in respect of transactions between members of the Group, on the basis that the Group companies are 100% owned.

**Going concern**
The Directors have assessed the group's ability to continue as a going concern and have prepared profit and loss budgets and cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements. As part of this assessment, the Directors have considered the potential impact of downside trading scenarios in areas of the business where there is more uncertainty, including reductions in revenue and increased operating costs. The group are in a net current liabilities position at year end of £619,000 (2025: £23,000) as a result of significant deferred income balances due to tickets being booked in advance and revenue not recognised until the service is delivered. This will be recognised as turnover in the profit and loss in the following financial year as and when tickets are used for sea and air travel services.

Having reviewed the forecasts and sensitivity analysis, the Directors are satisfied that the group has sufficient resources to continue in operational existence and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on the going concern basis.

**Revenue recognition**
On 1 April 2025, the group early adopted the amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council in its Periodic Review 2024. For transition provisions, refer to note 30.

Turnover represents charges for the supply of sea and air passenger and freight services and associated income. Turnover is recognised when the group fulfils its contractual obligations to customers on the travel date. The delivery of the service is considered one performance obligation and accounted for as a sale. There are no contracts whose performance obligations are satisfied over time.

The group considers itself the principal in these sales. Turnover is shown net of value added tax, returns, rebates and discounts and after liminating sales between the group companies. Payment for tickets is typically due at the point the booking is made. Contracts with customers do not contain a financing component nor any element of variable consideration. For future sales, ticket sales are recorded as current liabiliites and are included within creditors, within deferred income, until recognised as revenue when transportation occurs.

One flight route operated by the company is subject to contractual support to make it commercially viable. This income is included within reported revenue and is recognised at the point of fulfilling the service or the date at which the right to receive consideration occurs.

**Government grants**
Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

**Foreign currency transactions and balances**
Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.
Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

**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 group operates and generates taxable income.

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the consolidated profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

**Investment property**
Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

**Goodwill**
Goodwill arising on an acquisition of a business is carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated on a straight-line basis over the useful economic life of 25 years.

For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment when there is indication that the cash-generating unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to the other assets of the cash-generating unit on a ro-rata basis based on the carrying amount of each asset in the cash-generating unit. Any impairment loss is recognised as an expense in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.





**Intangible assets**
Intangible assets are stated in the statement of financial position at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.
The cost of intangible assets includes directly attributable incremental costs incurred in their acquisition and development.

**Amortisation**
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

| Asset class | Amortisation method and rate |
|---|---|
| Goodwill | Straight line over 25 years |
| Software development costs | Straight line over 10 years |
| Other intangibles | Straight line over 5 years |

**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, other than land and properties under construction over their estimated useful lives, as follows:

| Asset class | Depreciation method and rate |
|---|---|
| Freehold land and buildings | Straight line over 20 or 50 years |
| Leasehold land and buildings | Straight line over the term of the lease |
| Runways | Straight line over 18 years |
| Aircraft engines and major components (included within plant and machinery) | Straight line over the number of flight hours remaining |
| Ships (included within plant and machinery) | Straight line over the life of the ship |
| Other plant and machinery | At various rates appropriate to the relevant asset (straight line) |
| Assets under construction | Not depreciated |

**Ship maintenance**
When the ships are dry-docked for overhaul, the costs of these overhauls are charged against the profit and loss account as incurred. Other repair or service costs are also charged against the profit and loss accounts as incurred.

**Investments**
Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Dividends on equity securities are recognised in income when receivable.

**Cash and cash equivalents**
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

**Current asset investments**
Current asset investments consist of cash deposits in investment accounts with original maturities of more than three months. In the Statement of Financial Position, current asset investments are shown separately from cash and cash equivalents as they are not classed as highly liquid investments. For the purposes of the Statement of Cash Flows, deposits to current asset investments are shown as an investing activity.

**Stocks**
Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs are based on the method most appropriate to the type of inventory class, but usually on a first-in-first-out basis.

When stocks are used, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised, for example fuel sales to third parties, or stock is consumed in the operations of the group, for example fuel is used in the ships or planes.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

**Provisions**
Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

**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.

**Leases**
On 1 April 2025, the group early adopted the amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council in its Periodic Review 2024. These amendments introduce a new on-balance sheet lease accounting model for lessees, aligning more closely with IFRS 16 Leases.

Previously, the group followed the finance vs. operating lease classification for lessees. For transition provisions, refer to note 30.

At the inception of the contract, the group assesses whether a contract is, or contains, a lease. It recognises a right-of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for those which are short-term or low-value leases as explained below. The right-of-use assets and the lease liabilities are presented as separate line items in the Statement of Financial Position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental or obtainable borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect

interest in the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
The group takes advantage of the practical expedients available in respect of leases of low-value items and short-term leases. This means that short-term leases less than 12 months and low-value asset leases are not recognised as lease liabilities and right-of-use asset but are recognised as an expense on a straight-line basis over the lease term. Low-value assets are any assets below £10,000 but excluding all cars, vans, lorries, land and buildings buildings and production line equipment. The expenses are recognised within cost of sales.

**Defined contribution pension obligation**
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

**Defined benefit pension obligation**
The group participates in a multi-employer pension scheme that is classified as a defined benefit scheme. However, the scheme's assets and liabilities are not separately identifiable by participating employer, and the Trustees are not able to disclose to the group its share of the scheme's defined benefit obligations and plan assets. Consequently, the scheme is accounted for as defined contribution scheme.

Contributions payable during the year are recognised within operating expenses in the period to which they relate. Any agreed deficit reduction payments are recognised as a liability and measured at the present value of the future contributions payable under the relevant funding agreement.

**Financial instruments**
***Classification***
The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

All financial instruments are classified as basic, with the exception of fuel and foreign exchange hedging contracts.

***Recognition and measurement***
Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets, which include trade and other receivables, cash and bank balances, and loans to related parties, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities, including trade and other payables, loans and borrowings, and loans from related parties are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

The group uses fuel hedging contracts and foreign exchange forward contracts to reduce its exposure to movements in fuel prices and fluctuations in the Euro exchange rate. Fuel hedging contracts and foreign exchange forward contracts are initially recognised at fair value at the date of inception and are subsequently remeasured to fair value at each reporting date. The resulting gain or loss is recognised immediately through the profit and loss account.

The group does not apply hedge accounting for its forward contract derivatives.

***Impairment***
Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**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:

***Depreciation and useful economic lives of intangible and tangible assets***
Management have carefully considered the depreciation estimates applied on the intangible and tangible assets held by the group. 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.

***Recognition of government grants***
Management have considered the recognition basis for grants as follows:
i) Capital grants associated with the construction of the runways are being recognised through the profit and loss in conjunction with any depreciation, or impairment losses of the runways.
ii) Revenue grants, such as the Department for Transport grants, are credited to other operating income so as to match the corresponding expenditure, or operating losses to which they relate.





***Goodwill useful economic life***
In accordance with FRS 102, management has determined the useful economic life of acquired goodwill to be 25 years based on forecast revenues, operating margins, long-term growth rates and discount rates. Changes in these assumptions could materially affect the estimated recoverable amount of the cash-generating units to which goodwill is allocated. Given the inherent uncertainty associated with forecasting future economic and market conditions, actual results may differ from those anticipated. A reasonably possible change in key assumptions could result in a material change to the carrying value of goodwill and may lead to an impairment charge in future periods.

***Incremental borrowing rate applied to lease liabilities***
Where the interest rate implicit in a lease cannot be readily determined, management is required to estimate an incremental borrowing rate for the measurement of lease liabilities and right-of-use assets. Management has applied a rate of 5%, based on the interest rate implicit within a pre-existing lease arrangement, which is considered to be representative of the rate at which comparable financing could be obtained. The selection of this rate involves significant judgement and changes in the assumed borrowing rate could have a material impact on the amounts recognised in the financial statements.

***Judgement with regard to the lease term of an office building***
The group entered into a lease for one of its office buildings in 2010 which then moved onto a rolling basis. FRS 102 requires that a judgement is made regarding the lease term, based on the non-cancellable period of the lease together with any periods covered by an option to extend if the group is reasonably likely to exercise that option and any periods covered by an option to terminate, where it is reasonably certain that the group will not exercise that option. The directors have concluded that the aggregate of these periods is 10 years and hence this is the lease term used in determining the amounts to be recognised. The lease liability at year end in respect of this particular lease is £109,000.

***Valuation of dilapidation provisions***
The group makes provisions for the estimated costs of restoring leased properties to the condition required under the terms of the relevant lease agreements at the end of the lease term.

The measurement of the dilapidations provision involves significant estimation and judgement. In determining the provision, management have based the estimate on historical dilapidation costs in relation to the annual rent charge and then assessed appropriateness of this based on the specific nature of the leased property and estimated works required to the property at the end of the lease. he provision is discounted where the effect of the time value of money is material.

Given the long-term nature of certain lease arrangements and the uncertainty inherent in estimating future restoration costs, actual costs incurred may differ from those estimated. Changes in assumptions regarding the scope of required works, construction costs, inflation rates, discount rates, or lease terms could result in a material adjustment to the carrying value of the provision in future reporting periods.

***Valuation of investment properties***
The group holds investment properties that are measured at fair value at each reporting date in accordance with FRS 102. The determination of fair value requires management to exercise significant judgement, particularly where market evidence is limited. In estimating fair value, management considers recent market transactions for comparable properties and prevailing market conditions.
Judgement is required in assessing the reliability of comparable market data and the assumptions used in determining market yields and future rental values. Changes in these judgements may have a significant effect on the reported fair value of the investment property and the resulting gain or loss recognised in the Statement of Comprehensive Income.

Management believes that the valuation techniques and assumptions applied are appropriate and consistent with the objective of determining fair value at the reporting date.





## 3 TURNOVER

The analysis of the Group's turnover for the year by class of business is as follows:

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| Sales by sea | **11,036** | 10,547 |
| Sales by air | **14,576** | 10,157 |
| Other transport activities and services | **1,215** | 984 |
| | **26,827** | 21,688 |

All of the group's revenue is generated within the UK and the Bailiwick of Guernsey.

The analysis of the Group's turnover for the year by market is as follows:

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| UK | **25,837** | 21,688 |
| Europe | **990** | - |
| | **26,827** | 21,688 |

## 4 OTHER OPERATING INCOME

The analysis of the Group's other operating income for the year is as follows:

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| Grant income | **140** | 135 |
| Rental income | **25** | 28 |
| Other operating income | **585** | - |
| | **750** | 163 |

## 5 OPERATING PROFIT

Operating profit of £3,170,000 (2025: £3,117,000) arrived at after charging/(crediting):

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| Depreciation expense | **1,592** | 1,395 |
| Amortisation expense | **104** | 85 |
| Loss/(profit) on disposal of property, plant and equipment | **102** | (12) |
| Operating lease expense - other | **-** | 120 |
| Operating lease expense - plant and machinery | **-** | 135 |
| Auditors fees | **35** | 29 |
| Foreign exchange gains | **1** | 4 |
| Government grants | **(140)** | (135) |
| Expenses relating to short-term leases | **1,947** | - |





## 6 STAFF COSTS

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| Wages and salaries | **8,222** | 6,968 |
| Social security costs | **831** | 559 |
| Pension costs, defined contribution scheme | **222** | 296 |
| Other employee expenses | **12** | 26 |
| | **9,287** | 7,849 |

The average number of persons employed by the Group (including directors) during the year, analysed by category was as follows:

| | 2026 (No.) | 2025 (No.) |
|---|---|---|
| Employees | **227** | 205 |
| Directors | **9** | 9 |
| | **236** | 214 |

## 7 DIRECTORS' REMUNERATION

The directors' remuneration for the year was as follows:

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| Remuneration | **432** | 388 |
| Contributions paid to money purchase schemes | **28** | 44 |
| | **460** | 432 |

During the year the number of directors who were receiving benefits and share incentives was as follows:

| | 2026 (No.) | 2025 (No.) |
|---|---|---|
| Accruing benefits under money purchase pension scheme | **3** | 2 |

Reference to the highest paid director for the year to 31 March 2026 and 2025 can be found within the strategic report.




## 8 AUDITOR'S REMUNERATION

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| Audit of these financial statements and subsidiaries | **35** | 29 |
| **Other fees to auditors** | | |
| All other non-audit services | **29** | 27 |

## 9 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| Interest income on bank deposits | **87** | 94 |

## 10 INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| Interest on obligations under finance leases and hire purchase contracts | **62** | 62 |
| Interest expense on other finance liabilities | **205** | 107 |
| | **267** | 169 |



## 11 TAXATION

Tax charged/(credited) in the profit and loss account:

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| **Deferred taxation** | | |
| Arising from origination and reversal of timing differences | **37** | (2) |

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 25% (2025: lower than the standard rate of corporation tax in the UK of 25%).

The differences are reconciled below:

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| Profit before tax | **3,111** | 3,042 |
| Corporation tax at standard rate | **778** | 761 |
| Profit of business not subject to taxation | **(843)** | (789) |
| Non-deductible expenses | **28** | (1) |
| Tax losses (utilised) / arising | **(60)** | 130 |
| Deferred tax expense (credit) from unrecognised temporary difference from a prior period | **3** | - |
| Deferred tax expense (credit) relating to changes in tax rates or laws | **131** | (102) |
| Tax increase (decrease) from effect of capital allowances and depreciation | **-** | (1) |
| Total tax charge/(credit) | **37** | (2) |

The Group's shipping business operates under the UK tonnage tax regime. For the current year the tax charge arising is calculated by reference to the net tonnage of the ships operated by the business rather than the tax adjusted results.

**Deferred tax**

*Deferred tax assets and liabilities*

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2026 (£000) | 2025 (£000) | 2026 (£000) | 2025 (£000) |
| Accelerated capital allowances | **231** | 180 | **134** | 143 |
| Unrelieved losses carried forward | **(7)** | - | **-** | |
| Other | **(8)** | (1) | **-** | - |
| | **216** | 179 | **134** | 143 |

## 12 INTANGIBLE ASSETS

| GROUP | Goodwill (£000) | Software development costs (£000) | Total (£000) |
|---|---|---|---|
| **Cost or valuation** | | | |
| At 1 April 2025 | - | 898 | **898** |
| Additions acquired separately | 564 | 182 | **746** |
| At 31 March 2026 | 564 | 1,080 | **1,644** |
| **Amortisation** | | | |
| At 1 April 2025 | - | 527 | **527** |
| Amortisation charge | 6 | 99 | **105** |
| At 31 March 2026 | 6 | 626 | **632** |
| **Carrying amount** | | | |
| At 31 March 2026 | 558 | 454 | **1,012** |
| At 31 March 2025 | - | 371 | **371** |

| COMPANY | Software development costs (£000) | Total (£000) |
|---|---|---|
| **Cost or valuation** | | |
| At 1 April 2025 | 898 | ***898*** |
| Additions acquired separately | 55 | ***55*** |
| At 31 March 2026 | 953 | ***953*** |
| **Amortisation** | | |
| At 1 April 2025 | 527 | ***527*** |
| Amortisation charge | 93 | ***93*** |
| At 31 March 2026 | 620 | ***620*** |
| **Carrying amount** | | |
| At 31 March 2026 | 333 | ***333*** |
| At 31 March 2025 | 371 | ***371*** |





## 13 TANGIBLE ASSETS

| GROUP | Freehold land and buildings (£000) | Leasehold land and buildings (£000) | Runways (£000) | Plant and machinery (£000) | Assets under construction (£000) | Total (£000) |
|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | |
| At 1 April 2025 | 2,992 | 598 | 2,761 | 28,366 | 22,462 | 57,179 |
| Additions on transition to FRS 102 (2024) | - | 489 | - | 50 | - | 539 |
| Additions | 105 | 1,253 | - | 2,391 | 12,100 | 15,849 |
| Disposals | (74) | - | - | (140) | - | (214) |
| Transfers | - | - | - | 85 | (85) | - |
| At 31 March 2026 | 3,023 | 2,340 | 2,761 | 30,752 | 34,477 | 73,353 |
| **Depreciation** | | | | | | |
| At 1 April 2025 | 705 | 487 | 1,623 | 17,735 | - | 20,550 |
| Charge for the year | 43 | 137 | 153 | 1,253 | - | 1,586 |
| Eliminated on disposal | - | - | - | (74) | - | (74) |
| At 31 March 2026 | 748 | 624 | 1,776 | 18,914 | - | 22,062 |
| **Carrying amount** | | | | | | |
| At 31 March 2026 | **2,275** | **1,716** | **985** | **11,838** | **34,477** | **51,291** |
| At 31 March 2025 | 2,287 | 111 | 1,138 | 10,631 | 22,462 | 36,629 |

Included within the table, the following relates to right of use assets:

| | Land and buildings (£'000) | Aircraft (£'000) | Plant and machinery (£'000) | Total (£'000) |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 April 2025 | - | 3,838 | - | 3,838 |
| Additions on transition to FRS 102 (2024) | 489 | - | 50 | 539 |
| Additions | 1,206 | 1,515 | - | 2,721 |
| Disposals | - | - | - | - |
| Transfers | - | - | - | - |
| At 31 March 2026 | 1,695 | 5,353 | 50 | 7,098 |
| **Depreciation** | | | | |
| At 1 April 2025 | - | 1,051 | - | 1,051 |
| Charge for the year | 118 | 328 | 14 | 460 |
| Eliminated on disposal | - | - | - | - |
| At 31 March 2026 | 118 | 1,379 | 14 | 1,511 |
| **Carrying amount** | | | | |
| At 31 March 2026 | **1,577** | **3,974** | **36** | **5,587** |
| At 31 March 2025 | - | 2,787 | - | 2,787 |

Included within the net book value of leasehold land and buildings above is £nil (2025 - £nil) in respect of long leasehold land and buildings and £1,716,000 (2025 - £111,000) in respect of short leasehold land and buildings.

| COMPANY | Freehold land and buildings (£000) | Leasehold land and buildings (£000) | Runways (£000) | Plant and machinery (£000) | Total (£000) |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| At 1 April 2025 | 2,992 | 365 | 3 | 2,761 | 6,121 |
| Additions on transition to FRS 102 (2024) | - | - | 50 | - | 50 |
| Additions | 74 | - | - | - | 74 |
| Disposals | (74) | - | - | - | (74) |
| At 31 March 2026 | 2,992 | 365 | 53 | 2,761 | 6,171 |
| **Depreciation** | | | | | |
| At 1 April 2025 | 706 | 269 | 2 | 1,622 | 2,599 |
| Charge for the year | 43 | 10 | 15 | 153 | 221 |
| At 31 March 2026 | 749 | 279 | 17 | 1,775 | 2,820 |
| **Carrying amount** | | | | | |
| At 31 March 2026 | **2,243** | **86** | **36** | **986** | **3,351** |
| At 31 March 2025 | 2,286 | 96 | 1 | 1,139 | 3,522 |

Included within the table, the following relates to right of use assets:

| | Plant and machinery (£'000) | Total (£'000) |
|---|---|---|
| **Cost or valuation** | | |
| At 1 April 2025 | - | - |
| Additions on transition to FRS 102 (2024) | 50 | 50 |
| Additions | - | - |
| Disposals | - | - |
| At 31 March 2026 | 50 | 50 |
| **Depreciation** | | |
| At 1 April 2025 | - | - |
| Charge for the year | 14 | 14 |
| At 31 March 2026 | 14 | 14 |
| **Carrying amount** | | |
| At 31 March 2026 | **36** | **36** |
| At 31 March 2025 | - | - |

The net book value of leasehold land and buildings above relates solely to short leasehold land and buildings.

## 14 INVESTMENT PROPERTIES

| GROUP | 2026 (£000) |
|---|---|
| At 1 April | **297** |
| Additions | **2** |
| Fair value adjustments | **(6)** |
| **At 31 March** | **293** |

There has been no valuation of investment property by an independent valuer given the property was purchased in an arm's length transaction in March 2025 and therefore the cost represents the fair value of the property.

## 15 INVESTMENTS

| COMPANY | 2026 (£000) | 2025 (£000) |
|---|---|---|
| Investments in subsidiaries | **4,165** | 4,165 |

| SUBSIDIARIES | £000 |
|---|---|
| **Cost or valuation** | |
| At 1 April 2025 | 4,165 |
| At 31 March 2026 | 4,165 |
| **Carrying amount** | |
| At 31 March 2026 | **4,165** |
| **At 31 March 2025** | **4,165** |

### DETAILS OF UNDERTAKINGS

Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking | Country of incorporation | Holding | Proportion of voting rights and shares held | Principal activity |
|---|---|---|---|---|
| Isles of Scilly Skybus Limited | England & Wales | Ordinary share capital | 100% | Provision of freight and passenger air services between the mainland and the Isles of Scilly |
| Land's End Airport Limited | England & Wales | Ordinary share capital | 100% | Operation of Land's End Aerodrome |
| Isles of Scilly Shipping Company Limited | England & Wales | Ordinary share capital | 100% | Provision of passenger and cargo services between the mainland and the Isles of Scilly |
| Lyonesse Shipping Company Limited | England & Wales | Ordinary share capital | 100% | Leasing of ships |
| Lyonesse Air Transport Limited | England & Wales | Ordinary share capital | 100% | Dormant |
| Island Carriers Limited | England & Wales | Ordinary share capital | 100% | Island Carriers trade and fuel sales |
| Isles of Scilly Shipping (Guernsey) Limited | Guernsey | Ordinary share capital | 100% | Offshore crew management |
| Dormant Company 09887016 Limited | England & Wales | Ordinary share capital | 100% | Dormant |
| Isles of Scilly Travel Limited | England & Wales | Ordinary share capital | 100% | Dormant |
| Lyonesse Shipping Company 1 Limited | England & Wales | Ordinary share capital | 100% | Construction of Scillonian IV |
| Lyonesse Shipping Company 2 Limited | England & Wales | Ordinary share capital | 100% | Construction of Menawethan |
| Lyonesse Shipping Company 3 Limited | England & Wales | Ordinary share capital | 100% | Leasing of Gugh |
| Isles of Scilly Property Holdings Limited | England & Wales | Ordinary share capital | 100% | Acquisition and letting of properties |





## 16 STOCKS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2026 (£000) | 2025 (£000) | 2026 (£000) | 2025 (£000) |
| Other inventories | **2,160** | 1,586 | **-** | - |

## 17 DEBTORS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2026 (£000) | 2025 (£000) | 2026 (£000) | 2025 (£000) |
| Trade debtors | **1,914** | 1,038 | **-** | - |
| Amounts owed by group undertakings | **-** | - | **1,356** | 1,831 |
| Other debtors | **94** | 40 | **65** | 9 |
| Prepayments | **1,240** | 942 | **679** | 231 |
| Accrued income | **620** | 51 | **-** | - |
| Derivative financial instrument | **121** | - | **-** | - |
| | **3,989** | 2,071 | **2,100** | 2,071 |

Impairment loss on debtor in relation to contracts with customers amounts to £13,000 (2025: £Nil) and has been expensed in the year to cost of sales.

## 18 CURRENT ASSET INVESTMENTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2026 (£000) | 2025 (£000) | 2026 (£000) | 2025 (£000) |
| Other investments | **2,018** | - | **2,018** | - |

Cash has been deposited into a 95 day deposit account.

## 19 CASH AND CASH EQUIVALENTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2026 (£000) | 2025 (£000) | 2026 (£000) | 2025 (£000) |
| Cash on hand | **4** | 2 | **-** | - |
| Cash at bank | **5,302** | 7,160 | **5,273** | 7,138 |
| | **5,306** | 7,162 | **5,273** | 7,138 |

## 20 CREDITORS

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| DUE WITHIN ONE YEAR | Notes | 2026 (£000) | 2025 (£000) | 2026 (£000) | 2025 (£000) |
| Loans and borrowings | 21 | **1,490** | 363 | **-** | - |
| Trade creditors | | **1,514** | 1,235 | **43** | 316 |
| Social security and other taxes | | **30** | 167 | **-** | 17 |
| Outstanding defined contribution pension costs | | **41** | 33 | **2** | 2 |
| Other creditors | | **732** | 13 | **21** | 9 |
| Accruals and deferred income | | **10,285** | 9,031 | **135** | 139 |
| | | **14,092** | 10,842 | **201** | 483 |
| **DUE AFTER ONE YEAR** | | | | | |
| Loans and borrowings | 21 | **25,914** | 14,326 | **-** | - |
| Government grants | | **428** | 499 | **418** | 485 |
| Other creditors | | **-** | - | **22** | - |
| | | **26,342** | 14,825 | **440** | 485 |

In January 2024, the Group entered into a secured loan agreement with Lombard North Central Plc with a total facility of £37,315,000, with Lyonesse Shipping Company 1 Limited, Lyonesse Shipping Company 2 Limited and Lyonesse Shipping Company 3 Limited as borrowers, and Lyonesse Shipping Company Limited, Isles of Scilly Shipping Company Limited, Isles of Scilly Steamship Company Limited, Isles of Scilly Skybus Limited, Island Carriers Limited, and Land's End Airport Limited as guarantors. Drawdowns of £10,059,000 have been made in the year. The year end balance is £23,403,000 (2025 - £13,465,000). The loans attract an interest rate of 3.1% above Bank of England Base Rate. Capital repayments in each company will begin upon completion and delivery of each associated vessel. The loan is secured over the existing vessels and the new vessels being built.

The obligations under finance lease agreements are secured on the assets to which they relate.

## 21 LOANS AND BORROWINGS

| | GROUP | | COMPANY | | | GROUP | | COMPANY | |
|---|---|---|---|---|---|---|---|---|---|
| | 2026 (£000) | 2025 (£000) | 2026 (£000) | 2025 (£000) | | 2026 (£000) | 2025 (£000) | 2026 (£000) | 2025 (£000) |
| **Current loans and borrowings** | | | | | **Non-current loans and borrowings** | | | | |
| Bank borrowings | **766** | 122 | **-** | - | Bank borrowings | **22,638** | **13,343** | **-** | - |
| Lease obligations | **724** | 241 | **-** | - | Lease obligations | **3,276** | **983** | **-** | - |
| | **1,490** | 363 | **-** | - | | **25,914** | **14,326** | **-** | - |

**GROUP**

| Included in the loans and borrowings are the following amounts due after more than five years: | 2026 (£000) | 2025 (£000) |
|---|---|---|
| After more than five years by instalments | **15,120** | 13,094 |

## 22 LEASE OBLIGATIONS

As described within note 2, the group has early adopted the amendments to FRS102 from the Periodic Review 2024. This has resulted in the group recognising lease liabilities for all leases previously treated as operating leases, along with the associated right of use asset. As per the transition rules the prior year comparative information has not been restated. There was no impact to the opening reserves position upon adoption of these changes. The directors consider that the carrying amount of the lease liability approximates fair value.

**GROUP**

The total of future minimum lease payments is as follows:

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| Not later than one year | **704** | 241 |
| Later than one year and not later than five years | **2,475** | 963 |
| Later than five years | **821** | 20 |
| | **4,000** | 1,224 |

**OPERATING LEASES**

The total of future minimum lease payments is as follows:

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| Not later than one year | **-** | 85 |
| Later than one year and not later than five years | **-** | 240 |
| Later than five years | **-** | 203 |
| | **-** | 528 |

The amount of operating lease payments recognised as an expense during the year was £Nil (2025 -£65,973).

Lease-related expenses recognised in profit/loss include:

| | 2026 (£'000) | 2025 (£'000) |
|---|---|---|
| Depreciation of right-of-use assets | **460** | - |
| Interest on lease liabilities | **145** | - |
| Expenses relating to short-term leases | **1,947** | - |

The amount of lease commitments in respect of short-term leases and leases of low-value itemsat the end of the period are:

| | 2026 (£'000) | 2025 (£'000) |
|---|---|---|
| Not later than one year | **42** | - |
| Later than one year and not later than five years | **-** | - |
| Later than five years | **-** | - |





## 23 RECONCILIATION OF NET DEBT

| GROUP | 1 APRIL 2025 | CASH FLOWS | NON-CASH CHANGES | | 31 MARCH 2026 |
|---|---|---|---|---|---|
| | | | New finance leases | Changes in market value and exchange rates | |
| | (£000) | (£000) | (£000) | (£000) | (£000) |
| **Cash and cash equivalents** | 7,162 | (1,856) | - | - | **5,306** |
| **Current asset investments** | - | 2,018 | - | - | **2,018** |
| **Borrowings** | | | | | |
| Bank loans | (13,465) | (9,939) | - | - | **(23,404)** |
| Lease liabilities | (1,224) | 484 | (3,260) | - | **(4,000)** |
| **Net debt** | **(7,527)** | **(9,293)** | **(3,260)** | **-** | **(20,080)** |

## 24 DEFERRED TAX AND OTHER PROVISIONS

| | GROUP | | | COMPANY |
|---|---|---|---|---|
| | Deferred tax £000 | Provisions £000 | Total £000 | Deferred tax £000 |
| At 1 April 2025 | 179 | 349 | **528** | **143** |
| Increase (decrease) in existing provisions | 37 | 94 | **131** | **(9)** |
| **At 31 March 2026** | **216** | **443** | **659** | **134** |

**Lease dilapidation provision**
Lease dilapidation provisions have increased to £293,000 (2025 - £199,000) at the year end. This provision is based on industry averages to form an estimate for the lease dilapidation costs that would be applicable to certain leasehold properties.

**Employee benefits provision**
An employee benefits provision has been recognised of £150,000 (2025 - £150,000) at the year end. This provision relates to the Merchant Navy Ratings Pension Fund as explained in note 25. The exact amount due and when is uncertain, but the actuary has indicated that further contributions from employers will be required to fund the deficit on the fund calculated in the latest triennial valuation. The amount provided for is based on payments made in previous years.

## 25 PENSION AND OTHER SCHEMES

**Defined contribution pension scheme**
The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £222,000 (2025 - £296,000).

Contributions totalling £41,000 (2025 - £33,000) were payable to the scheme at the end of the year and are included in creditors.

During the year the group operated two defined benefit pension schemes - the Merchant Navy Officers Pension Fund (New Section) (MNOPF) and The Merchant Navy Ratings Pension Fund (MNRPF). These schemes are multi-employer schemes. The scheme's assets and liabilities are not separately identifiable by participating employer, and the Trustees are not able to disclose to the group its share of the scheme's defined benefit obligations and plan assets. The group has therefore accounted for these schemes as defined contribution schemes in accordance with FRS 102.

*Merchant Navy Officers Pension Fund*
The main purpose of the actuarial valuation is to review the financial position of the MNOPF fund relative to its statutory funding objectives and to assist the Trustee to determine the appropriate level of future contributions. The actuarial valuation is required under the terms of Clause 26.0 of the Trust Deed & Rules and Part 3 of the Pensions Act 2004.

The most recent valuation was carried out on 31 March 2024 which showed that the market value of the assets was £1,956m (2021: £3,250m) and the scheme had a deficit of £11m (2021: £58m surplus). The Trustee confirmed that no additional deficit contributions would be collected despite the worse position.

The financial position of the Fund and the level of Participating Employers' contributions to be paid will be reviewed at the next actuarial valuation, which will be carried out at 31 March 2027.

*Merchant Navy Ratings Pension Fund*
An actuarial valuation was carried out at 31 March 2023 under the terms of Clause 25 of the Trust Deed & Rules and Part 3 of the Pensions Act 2004. The main purposes of the actuarial valuation are to review the financial position of the Fund relative to its statutory funding objective and to determine the appropriate level of future contributions. The 31 March 2023 valuation has concluded that there is a funding shortfall of £152m, and the Trustee of the Fund will set out a recovery plan and notify participating employers of their additional contributions due. At 31 March 2026, the group had not received notification of its liability due; however, in response to this latest valuation and deficit, the group has recognised £150,000 within provisions in anticipation of those future contributions required. This estimate is based on historical contributions made.

*Other Schemes*
The company and group also operated defined contribution pension schemes during the year.

## 26 SHARE CAPITAL

| Allotted, called up and fully paid shares | No. 000 | 2026 (£000) | No. 000 | 2025 (£000) |
|---|---|---|---|---|
| Ordinary shares of £1 each | **1,515** | **1,515** | 1,455 | 1,455 |

During the year 59,000 ordinary shares were issued at £3.36 per share. Dividends declared in the year totalled £218,000 (2025 - £nil). Post year-end the directors propose the payment of a dividend of 16p for the year ended 31 March 2026 (2025: 15p).

## 27 COMMITMENTS

### GROUP

**Capital commitments**

By the year end, the group have entered into two contracts with shipbuilder, Piriou, to build two new vessels to upgrade the existing fleet: a 600-seat passenger vessel, Scillonian IV, and a freight vessel. The total amount contracted for but not provided in the financial statetments was £14,184,000 (2025 - £23,570,000). The group also had other capital expenditure committed (2025 - an engine replacement) of £552,000 (2025 - £356,000). The total group capital commitment was £14,736,000 (2025 - £23,926,000).

## 28 CONTINGENT LIABILITIES

### GROUP

The group's bankers hold bonds in respect of Air BP for £8,000 (2025 - £8,000) and National Express of £2,500 (2025 - 2,500).

## 29 FINANCIAL INSTRUMENTS

### GROUP

**Categorisation of financial instruments**

| | 2026 (£000) | 2025 (£000) |
|---|---|---|
| Financial assets measured at fair value through profit or loss | **121** | - |
| | **121** | - |

**Financial assets measured at fair value**

*Foreign currency forward exchange contracts*

The Group's ship building contract is in Euros. As a consequence, the Group uses foreign currency forward exchange contracts to manage the foreign exchange risk of future transactions and cash flows. The contracts are valued based on applicable bank market pricing model and assumptions. The Group does not adopt hedge accounting for foreign exchange forward contracts, consequently, fair value gains and losses are recognised in the profit and loss.

The foreign exchange forward contract was open at year end and has a fair value valuation of £121,000 gain (2025 - £Nil). The change in value included in profit or loss statement is £121,000 gain (2025 - £Nil).

## 30 PERIODIC REVIEW AMENDMENTS

**Changes to lease accounting**

The early adoption of FRS 102 (2024) this year resulted in the recognition of right-of-use assets and lease liabilities. Until 31 March 2025, the company recognised lease payments as expenses in the period to which they related. The company adopted the modified retrospective approach, determining right-of-use assets and lease liabilities starting from the date of initial application of 1 April 2025. The cumulative effect of the initial application is recognised as an adjustment to the opening balance sheet. There is no restatement of comparative information.

The Group had 12 leases relating to the various land and buildings and motor vehicles, which the company previously treated as an operating lease under FRS 102 (2022). The right-of-use asset is calculated at an amount equal to the lease liability that would have been recognised in the balance sheet at 1 April 2025 (initial application date). The company applied a 5% discount rate, the obtainable borrowing rate, to calculate the present value of the remaining lease payments.

As a result of the change in accounting for leases, the company has recognised, at the start of the period, a right-of-use asset amounting to £538,930 and lease liabilities amounting to £538,930.

The impact on the Balance Sheet as at 1 April 2025 is as follows:

| | As reported 31 March 2025 (£000) | Adjustments (£000) | On adoption 1 April 2025 (£000) |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible assets | 36,629 | 539 | 37,168 |
| Creditors: amounts falling due within one year | (10,842) | (199) | (11,041) |
| **Net current assets** | **(23)** | **(340)** | **(363)** |
| **Total assets less current liabilities** | **37,274** | **340** | **37,614** |
| Creditors: amounts falling due after more than one year | (14,825) | (340) | (15,165) |
| **Net assets** | **21,921** | **-** | **21,921** |

Disclosure of the change in value of the right-of-use assets and lease liabilities during the period is included in Note 13 and Note 22. The overall impact on the profit and loss account of recognising the previous operating lease on the balance sheet as at 31 March 2026 is as follows:

| Impact on the profit and loss of recognising leases on the balance sheet under FRS 102 (2024) | Impact on the profit and loss if leases were still recognised as operating leases |
|---|---|
| Depreciation charge on right-of-use asset £281,000 | Lease rental expenses £297,000 |
| Interest payable on lease liability £78,000 | |
| Total impact £359,000 | |





**Changes in revenue recognition policy**

The early adoption of FRS 102 (2024) this year, resulted in applying the five-step model approach, similar to IFRS 15 for revenue recognition. The objective of the model is to ensure the entity recognises its revenue using a method that depicts the transfer of goods or services in direct correlation to the consideration to which the entity expects to be entitled in exchange for those goods or services.

FRS 102: 1.61 requires an entity to apply revised FRS 102:23:
(a)retrospectively with the cumulative effect of initially applying that section recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application; or
(b)retrospectively in accordance with FRS 102: 10.12.

The company has selected the option in (a) above, which means that the company has not restated comparative information and has applied the new Section 23 only to contracts that are not completed contracts at the date of initial application.

Accordingly, as the company had no outstanding contracts from last year and transferred all the goods or services identified in accordance with previous requirements for accounting for revenue from contracts with customers, no transition adjustment is shown to the opening balance of retained earnings at the date of initial application.

**Other**

No other periodic review amendments have had a material impact on the financial statements.

## 31 RELATED PARTY TRANSACTIONS

**Key management personnel**

There are deemed to be no key management personnel outside of the directors. Details of directors remuneration is provided in note 7 to the financial statements and within the strategic report.

**Transactions with directors**

Reference to transactions with directors for the year to 31 March 2026 and 2025 can be found within the Directors report.

### GROUP

**Summary of transactions with other related parties**

During the year, the Group entered into transactions with Aurigny Air Services Limited, a company of which one of the Group's directors is also a director.

Purchases from Aurigny Air Services Limited during the year amounted to £194,855 (2025: £nil) and sales to Aurigny Air Services Limited totalled £990,195 (2025: £nil). At 31 March 2026, amounts due from Aurigny Air Services Limited totalled £504,062 (2025: £nil) and are included within trade debtors and amounts due to Aurigny Air Services of £193,192 (2025: £nil) included in trade creditors.

The transactions were undertaken in the ordinary course of business and on normal commercial terms.







LYONESSE LADY
GRY MARITHA
MENAWETHAN
SWIFT LADY
SCILLONIAN III
GUGH

**Isles of Scilly Steamship Company Limited**
Hugh Town
St Mary's
Isles of Scilly
TR21 0LJ

**Company Registration Number** 00165746

ISLES OF SCILLY Steamship GROUP

