

WAVERLEY STEAM NAVIGATION CO. LIMITED

Directors' Report and Accounts
For the year ended 31st October 2014

Company Number – SC050789

Charity Number - SC005832



HENDERSON & COMPANY
CHARTERED ACCOUNTANTS
73 UNION STREET
GREENOCK

WAVERLEY STEAM NAVIGATION CO. LIMITED

Directors
D. Docherty
D.W. Kells
J.H. Megoran
J.M. Paterson
P.M. Reid
W.L. Sinclair
G.A. Taylor
P. Semple
I.G. Shankland

Secretary
D. Docherty

Registered Office
Waverley Terminal,
Lancefield Quay,
Glasgow
G3 8HA

Auditors
Henderson & Company,
Chartered Accountants,
73 Union Street,
Greenock
PA16 8BG

Bankers
Royal Bank of Scotland plc
23 Sauchiehall Street
Glasgow

Solicitors
Neill Clerk & Murray
Royal Bank Buildings
Gourock
PA19 1PA

WAVERLEY STEAM NAVIGATION CO. LIMITED
(A Registered Charity)
REGISTERED NUMBER : SC050789
DIRECTORS' REPORT

The Directors submit their Report and Accounts of the company and group for the year ended 31st October 2014.

Charitable Status

The charity, a limited company governed by its Memorandum & Articles of Association, was granted charitable status under Section 505 of the Income and Corporation Taxes Act 1988, effective from 23rd March 1988.

Objectives

The objective of the Company is the continued preservation of the PS. Waverley and MV. Balmoral in a manner which accurately reflects their unique status. After the year end MV. Balmoral was "sold" to a charity for a nominal sum. Both vessels were built in the late 1940's and it is central to the directors' vision that they should be preserved in a way which allows passengers:

- to appreciate fully the features of their design which distinguish them from vessels built more recently;
- to be educated in the heritage of historic excursion ships;
- to enjoy traditional coastal excursions which were common when PS.Waverley and MV. Balmoral were built but are now uniquely offered by these vessels;
- enjoy facilities appropriate to a twenty first century tourist attraction, for example in terms of catering and in provision for the disabled;
- to sail in safety with the benefit of modern equipment and fully trained and experienced officers and crew.

Restrictions on the Company's Activities

The Company shall not undertake any permanent trading activities not relating directly to the furtherance of its charitable objectives. The charity's wholly owned trading subsidiary, Waverley Excursions Limited, carries out non-charitable trading activities for the charity.

Review of the Business including Achievements, Performance and Future Developments

During the season PS. Waverley carried 120,682 passengers (2013 – 124,517) sailing for 103 days (2013 – 111 days).

The consolidated statement of financial activities, incorporating the income and expenditure account brings out a surplus for the year on unrestricted funds of £219,640 (2013 - £107,928 deficit). During the year the winter refit and repair costs on PS. Waverley totalled £307,014 (2013 - £347,002). Restricted funds, which comprise funding received towards capital projects less associated annual costs and depreciation charges were reduced by £293,262 this year. This reduction relates entirely to annual depreciation charges.

Further progress was made in 2014, although our sailing days were hit by adverse weather with the journey south resulting in cancellations and the journey north being delayed until late November. This meant the cancellation of the final Scottish weekend. Although the Commonwealth Games were a huge success for Glasgow, they resulted in re-scheduling due to road closures and increased security. This impacted on passenger access and our departure points. Despite this, ticket sales showed an average improvement on 2013.

As previously reported, Balmoral was in the process of being "sold" to a charity who intend to bring her back into service in 2015. Actual outgoings in the year on Blamoral were £18,688 (2013 - £73,905) and there are no future costs expected. The final agreement for the sale was completed in April 2015.

Waverley's sailing programme was adjusted to reflect the availability of piers and ports but also to take into consideration the profitability of routes and timings. It is important that the focus remains on the bottom line and not sailing when costs exceed income.

Profitability./

Profitability, from catering and retail has increased as the operating company has restructured in both areas. Retail purchasing is better controlled and the buying prices are carefully monitored allowing selling prices to be set so they provide improved margins. New product ranges that are more current have seen sales increase despite less sailings. The plan is to introduce a scanning system which will improve the control and allow re-ordering to be managed more efficiently. We have now registered the new logo and the name/image of the ship as Trademarks to protect them and stop others using them for their own purposes.

Catering saw a significant improvement in the profitability with new suppliers who have been very supportive. The offering has been adjusted to bring it more up to date and the philosophy of "simple but well" being adopted. Although there are regular customers who travel for a number of days, and we very much appreciate their support, we have tailored the menus to meet the demand of the vast majority of passengers. Sales were down but marginally as a result of the sailings cancelled due to the weather but on average were up.

Catering and retail are expected to continue to grow in 2015 as more focus is put on providing the customer experience people expect in this day and age.

Discussions have continued with HMRC about the eligibility of the Gift Aid programme that they agreed in 2008. We have been operating under the possibility that HMRC would try to recover over £1 million for Gift Aid on fares paid to WSN from 2008 – 2012. It was eventually agreed that this would not happen however we will not receive the Gift Aid accrued for 2013 and there is a prior year adjustment of £175,448 in the accounts for that year. No Gift Aid on fares was allowed in the 2014 accounts although we will still receive gift aid on donations. We have submitted a revised scheme to HMRC for a partial recovery of Gift Aid and await their decision.

We have had further payments to make to MNOFP (Merchant Navy Officers Pension Fund) in the year as the revaluations take effect. We were able to pay one invoice for £63,500 in this year as a result of support from a major Scottish Company.

The local authorities in Glasgow, Inverclyde, Argyll and Bute, North and South Ayrshire, have all continued their support but this will start to end in 2015/16, at least in its present format. We provide an economic benefit of over £4 million to these areas plus give a boost to their tourism profiles.

The continued support of the Paddle Steamer Preservation Society is very much appreciated. This year they provided £75,000 to the ever increasing cost of the winter refit. As well as this financial support, their members are regular passengers in all areas so provide added income for Waverley.

As we improve transparency and try to establish a better understanding of the company's finances, we have provided a consolidated financial statement on the PSPS website. This highlights the progress that is being made.

We reported last year that WSN and WEL had been working together to improve the way they operate thereby ensuring the successful future of Waverley. This has taken another step forward with the boards meeting to cover the areas of mutual interest instead of the previous duplication. This has been very successful and has created greater understanding as well as relieving some of the time pressures. We have also been fortunate to add new directors who have business experience at a senior level but this has also resulted in the loss of some members.

We would like to acknowledge the contribution of Dr Nick James who chaired WSN for a number of years. His contribution both in expertise and time was invaluable as he guided us through some difficult years.

Waverley benefits from tremendous support from a wide variety of companies and businesses that provide both financial and in kind assistance to help the ship maintain its appearance and also so it conforms with the increasingly stringent safety regulations. We also have to thank the many volunteers, old and new, who give their time and energy to work on the ship during the season and over the winter months. Their contribution is invaluable and should never be underestimated.

We./

We are also conscious of the very loyal staff who work unbelievably hard to ensure that Waverley sails and that the customers have a day to remember. The directors want to thank them for all their efforts.

We went into the winter months in a stronger financial position. The winter refit was going to be more comprehensive with the hull being blasted, cleaned and then repainted. This should protect the hull for some years to come.

As we head into the 40th anniversary of Waverley sailing in operational preservation, we have undertaken many tasks so that she enters service in May 2015 in the best condition possible.

The future will always be a challenge as the company maintains and operates a 70 year old ship. We will always need support but the affection that Waverley is held in will help the Company to find it.

Safety

The WSN and WEL Boards recognise that the safe operation of the ship is of paramount importance and considers it essential that there is constant review of all practices impacting on safety and that there is constant vigilance over all aspects of the safety function. The responsibilities of the Ship Management function, including maintaining safety certification, compliance with safety of life at sea and marine pollution prevention rules, as well as compliance in respect of officer and crew certification and qualifications, are clearly separated from the audit function which is responsible for ensuring that all aspects of safety are properly processed. Regular internal reports on safety matters are submitted to the Safety and Operations Directors and a proactive approach is adopted in taking appropriate corrective and preventative action. As part of this proactive approach, emphasis is placed on ongoing risk assessment and specific safety-related training. The safety arrangements within the Company also involve regular reporting to the Board, thereby providing appropriate assurance with regard to all safety aspects of the Company's operations.

Reserve Policy

The directors have established the level of reserves which the charity ought to have. Reserves are required to cover possible emergency repairs to the vessels and to maintain the vessels in the condition to which they were restored following refurbishment work. In order to increase the reserves and maintain the company and group's ability to continue as a going concern the group is working with various funding partners to underpin the operation.

Investment Policy

In accordance with the Memorandum of Association the directors have the power to invest monies of the Company not immediately required for its purpose in such investments and securities as they see fit.

Statement on Risk

The directors, working with its subsidiary company Waverley Excursions Ltd, have produced a plan setting out the major opportunities available to the charity and the risks to which it is exposed. Progress is monitored against this plan on a regular basis and a comprehensive review is carried out on an annual basis.

The plan focused the directors on the need to maintain the vessels in the condition prevailing after their most recent refurbishment work. The charity requires to manage its finances prudently and to identify new sources of revenue and capital funding in order to be able to fund the ongoing repair and preservation work required to keep the vessels operational.

Fixed Assets

Movements in Fixed Assets are detailed in Note 11 to the accounts.

Related Parties

The Paddle Steamer Preservation Society, a charity registered in England, is a related party by virtue of its 65.38% shareholding in the company. Donations towards specific preservation projects undertaken by the company are received from the Paddle Steamer Preservation Society as decided by the trustees of that charity.

Directors./

Directors and their Interests

The qualification of a director shall be that he or she shall be and remain a fully paid up member of the Paddle Steamer Preservation Society.

The Paddle Steamer Preservation Society will have the right to appoint two members of its Council of Management as Directors of the Company, one of whom must be nominated by the Scottish Branch and be resident in Scotland. At no time shall more than two members of the Council of Management of The Paddle Steamer Preservation Society, excluding any members of the Council nominated by the company, be Directors of the Company.

All company decisions are made by the Board of Directors.

The Directors who served during the year and to the date of this report were :-

P.M. Reid
Dr. N. James (resigned 30.09.14)
J.M. Paterson
I. Ramsay (resigned 28.03.14)
P. Semple
D.W. Kells
J.T. Sylvester (resigned 10.06.14)
I.G. Shankland
D. Docherty
W.L. Sinclair (appointed 19.06.14)
G.A. Taylor (appointed 19.06.14)
J.H. Megoran (appointed 19.06.14)
J. McMillan (appointed 19.06.14 and resigned 22.07.14)

The following Directors are to retire from the Board in accordance with the Articles of Association, and being eligible, offer themselves for re-election:- P.M. Reid and J. M. Paterson.

Director Induction and Training

In addition to the formal qualification relating to membership of the Paddle Steamer Preservation Society, one of the criteria for consideration of potential directors is a developed awareness of the heritage and tradition which the company seeks to maintain through the operation of its vessels. This awareness will have been developed through regular sailing on board the vessels, as either a passenger or as an employee of a subsidiary company and/or through membership in an active capacity of the Paddle Steamer Preservation Society. New directors are encouraged to develop this awareness further by continuing to sail aboard the vessels wherever they may be operating and by familiarising themselves in that way, and through formal meetings and discussions and informal contacts, with the circumstances which impinge on the achievement of the company's objectives. New directors are also advised of their responsibilities under charity and company law, the content of the Memorandum and Articles of Association and the company's decision making processes. Directors are further encouraged to take advantage of any appropriate training or development opportunities which will assist them to discharge their responsibilities as members of the board.

Statement of Directors Responsibilities

The directors are responsible for preparing the Report of the Directors 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./

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

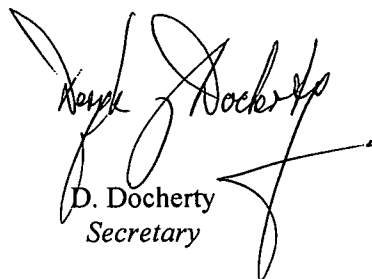
Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the 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 auditors are aware of that information.

Auditors

The auditors, Henderson & Company, will be proposed for re-appointment at the forth coming Annual General Meeting.

BY ORDER OF THE BOARD



D. Docherty
Secretary

Waverley Terminal,
36 Lancefield Quay,
Glasgow
G3 8HA

18th June 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WAVERLEY STEAM NAVIGATION CO. LIMITED

We have audited the financial statements of Waverley Steam Navigation Co. Limited for the year ended 31st October 2014 on pages 9 to 24. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the reports and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 October 2014 and of the group's and the charitable company's incoming resources and application of resources, including the group's and the charitable company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on Other Matter Prescribed by the Companies Act 2006


In our opinion the information given in the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters

Matters on Which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you, if in our opinion;

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



John Henderson (Senior Statutory Auditor)
For and on behalf of Henderson & Company
Statutory Auditor
73 Union Street
Greenock
PA16 8BG

14th July 2015

WAVERLEY STEAM NAVIGATION CO. LIMITED
PARENT COMPANY INCOME AND EXPENDITURE ACCOUNT (INCLUDING STATEMENT OF
FINANCIAL ACTIVITIES) FOR THE YEAR ENDED 31ST OCTOBER 2014

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2014	Total Funds 2013 (restated)
		£	£	£	£
Donations and Similar Income	2	159,660	-	159,660	169,604
Grants Received	3	50,000	150,000	200,000	40,000
Incoming Resources from operating activities in furtherance of charitable objectives :	6				
Sailing Revenue		1,463,414	-	1,463,414	1,466,775
Charter Fees		57,000	-	57,000	24,000
Catering & Shop Rental		59,286	-	59,286	59,903
Other Income		14,250	-	14,250	25,800
Bank & Loan Interest Received		899	-	899	5,289
Total Income for the Year		1,804,509	150,000	1,954,509	1,791,371
Resources Expended					
Management and Administration	5	22,125	-	22,125	20,847
Other Costs		1,662,032	150,000	1,812,032	2,113,628
Depreciation Charges		8,517	293,262	301,779	334,541
Total Expenditure for the Year		1,692,674	443,262	2,135,936	2,469,016
Expenditure in excess of Income in Year	8	111,835	(293,262)	(181,427)	(677,645)
Balance Brought Forward at 31 October 2013 (as previously stated)		658,904	3,647,381	4,306,285	4,808,482
Prior Year Adjustment	10	(175,448)	-	(175,448)	-
Balance Brought Forward at 31 October 2013 (as restated)		483,456	3,647,381	4,130,837	4,808,482
Balance Carried Forward		595,291	3,354,119	3,949,410	4,130,837

Continuing Operations

None of the Company's operations were acquired or discontinued during the years ended 31st October 2014 and 2013.

Total Recognised Gains and Losses

The Company has no recognised gains or losses other than as shown above for the years ended 31st October 2014 and 2013.

**WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT (INCLUDING STATEMENT OF
FINANCIAL ACTIVITIES) FOR THE YEAR ENDED 31ST OCTOBER 2014**

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2014	Total Funds 2013 (restated)
		£	£	£	£
Donations and Similar Income	2	159,660	-	159,660	169,604
Grants Received	3	80,000	150,000	230,000	90,000
Trading Operations:	6				
Sailing Revenue		1,537,654	-	1,537,654	1,497,020
Bar and Catering Revenue		451,555	-	451,555	476,154
Shop Sales		93,547	-	93,547	89,456
Other Income		34,911	-	34,911	32,903
Bank Interest Received		299	-	299	822
Total Income for the Year		2,357,626	150,000	2,507,626	2,355,959
Resources Expended					
Bar and Catering Expenses		121,205	-	121,205	203,408
Shop Expenses		29,597	-	29,597	42,148
Direct Charitable Expenditure	4	1,634,599	150,000	1,784,599	2,052,500
Management and Administration	5	343,037	-	343,037	331,763
Depreciation Charges		9,548	293,262	302,810	335,540
Total Expenditure		2,137,986	443,262	2,581,248	2,965,359
Expenditure in Excess of Income in Year	8	219,640	(293,262)	(73,622)	(609,400)
Balance Brought Forward at 31 October 2013 (as previously stated)		236,300	3,647,381	3,883,681	4,317,633
Prior Year Adjustment	10	(175,448)	-	(175,448)	-
Balance Brought Forward at 31 October 2013 (as restated)		60,852	3,647,381	3,708,233	4,317,633
Balance Carried Forward		280,492	3,354,119	3,634,611	3,708,233

Continuing Operations

None of the Group's operations were acquired or discontinued during the years ended 31st October 2014 and 2013.

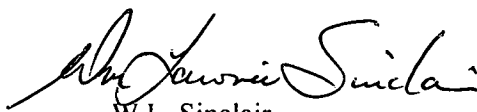
Total Recognised Gains and Losses

The Group has no recognised gains or losses other than as shown above for the years ended 31st October 2014 and 2013.

WAVERLEY STEAM NAVIGATION CO. LIMITED
REGISTERED NUMBER : SC050789
PARENT COMPANY BALANCE SHEET
AS AT 31ST OCTOBER 2014

	2014	2013	Note
	£	£ (restated)	
FIXED ASSETS			
Tangible Assets	3,433,475	3,735,254	11
Investment in Subsidiary	100	100	12
	<hr/>	<hr/>	
	3,433,575	3,735,354	
CURRENT ASSETS			
Debtors	579,149	486,119	13
Cash at Bank	149,123	207,872	
	<hr/>	<hr/>	
	728,272	693,991	
CREDITORS:			
Amounts falling due within one year	95,153	31,224	14
	<hr/>	<hr/>	
NET CURRENT ASSETS	633,119	662,767	
TOTAL ASSETS LESS CURRENT LIABILITIES	<hr/>	<hr/>	
	4,066,694	4,398,121	
CREDITORS:			
Amounts falling due after more than one year	117,201	267,201	14
	<hr/>	<hr/>	
	3,949,493	4,130,920	
	<hr/>	<hr/>	
Represented by:			
CAPITAL AND RESERVES			
Called Up Share Capital	78	79	15
Capital Redemption Reserve	5	4	
Unrestricted Reserves	595,291	483,456	
Restricted Reserves	3,354,119	3,647,381	17
	<hr/>	<hr/>	
Shareholders' Funds	3,949,493	4,130,920	18
	<hr/>	<hr/>	

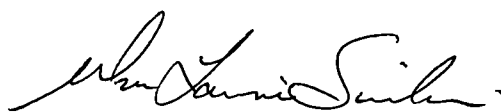
These financial statements were approved by the Board of Directors on 18th June 2015 and were signed on its behalf by:


 W.L. Sinclair
 Director

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
REGISTERED NUMBER : SC050789
CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER 2014

	2014	2013	Note
	£	£ (restated)	
FIXED ASSETS			
Tangible Assets	3,437,616	3,739,500	11
CURRENT ASSETS			
Stocks	14,145	16,032	
Debtors	177,947	242,049	13
Cash at Bank and on Hand	648,983	442,670	
	841,075	700,751	
CREDITORS:			
Amounts falling due within one year	526,796	464,734	14
NET CURRENT ASSETS	314,279	236,017	
TOTAL ASSETS LESS CURRENT LIABILITIES	3,751,895	3,975,517	
CREDITORS:			
Amounts falling due after more than one year	117,201	267,201	14
	3,634,694	3,708,316	
CAPITAL AND RESERVES			
Called Up Share Capital	78	79	15
Capital Redemption Reserve	5	4	
Unrestricted Reserves	280,492	60,852	
Restricted Reserves	3,354,119	3,647,381	17
Shareholders' Funds	3,634,694	3,708,316	18

These financial statements were approved by the Board of Directors on 18th June 2015 and were signed on its behalf by:


 W.L. Sinclair
 Director

WAVERLEY STEAM NAVIGATION CO. LIMITED
PARENT COMPANY CASHFLOW STATEMENT FOR THE YEAR ENDED
31ST OCTOBER 2014

	2014	2013	Note
	£	£	
Net Cash Outflow from Ordinary Activities	(50,713)	(159,813)	19
Returns on Investment and Servicing of Finance			
Interest Received	899	5,289	
Interest Paid	-	-	
	899	5,289	
Net Cash Outflow before use of Liquid Resources	(49,814)	(154,524)	
Financing			
Loans Repaid in Year	(8,935)	-	
Decrease in Cash in year	(58,749)	(154,524)	

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED
31ST OCTOBER 2014

	2014	2013	Note
	£	£	
Net Cash Inflow from Ordinary Activities	215,875	25,611	19
Returns on Investment and Servicing of Finance			
Interest Received	299	822	
Interest Paid	-	-	
	299	822	
Capital Expenditure and Financial Investment			
Purchase of Tangible Fixed Assets	(926)	-	
Net Cash Inflow before use of Liquid Resources	215,248	26,433	
Financing			
Loans Repaid in Year	(8,935)	-	
Increase in Cash in year	206,313	26,433	

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
NOTES TO THE ACCOUNTS AS AT 31ST OCTOBER 2014

1. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts have been prepared under the historical cost convention and are in accordance with applicable accounting standards, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and Accounting and Reporting by Charities Statement of Recommended Practice (SORP) issued in March 2005.

The directors have prepared forecasts which demonstrate that some external funding is required on an ongoing basis to underpin the operation. They are however confident that the required funding levels can be attained and the group is working with various funding partners on an ongoing basis.

The directors have worked with the directors of Waverley Excursions Ltd to develop a sailing programme to optimise trading performance at an acceptable level of risk and to enhance marketing activities to increase passenger numbers and improve profitability in future years. Accordingly, the directors consider it appropriate to prepare the accounts on the going concern basis.

(b) Consolidation

The company accounts provide information about the parent company and not about the group. The group accounts consolidate the accounts of the parent company and all subsidiaries for the year ended 31 October 2014.

(c) Donations, Legacies and Similar Incoming Resources

Donations, legacies and similar incoming resources are included in the year in which they are receivable, which is when the charity becomes entitled to the resource.

(d) Grants Receivable

Grants receivable by the parent company are recognised in the statement of financial activities when the company has received and has entitlement to the resources and therefore grants receivable for capital projects are not deferred over the life of the asset. Grants received for specific capital projects will be allocated to specific funds which will then be reduced over the useful economic life of the asset in line with depreciation policies. This is in line with the SORP which provides the most appropriate interpretation of SSAP 4 for charities.

(e) Depreciation

Depreciation is provided at rates calculated to write off the cost, less residual value, of each asset over its expected useful life as follows:

Plant and Equipment for Vessels	10%	straight line
Vessels	10% & 4%	straight line
Computer Equipment	20%	straight line
Office Equipment	15%	straight line

P.S. Waverley rebuild expenditure capitalised is being written off over a twenty-five year period. The other vessel will continue to be written off over a ten year period.

(f) Stocks

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

(g)/

(g) Pension Costs

Pension payments are made to the Merchant Navy Officers Pension Scheme. This scheme is a multi-employer defined benefit scheme but as the company is unable to identify its share of underlying assets and liabilities in the scheme on a consistent and reasonable basis, the company accounts for the contributions to scheme as though it was a defined contribution scheme, and the charge for the year represents the contributions made to the scheme by the company. Contributions made to a money purchase pension scheme are charged to the Profit and Loss Account when they are made.

(h) Deferred Taxation

Deferred taxation is provided using the full provision method in respect of all timing differences that have originated but not reversed at the balance sheet date to the extent that it is regarded as more likely than not that the tax will be payable or recoverable in the foreseeable future.

(i) Leasing and Hire Purchase

Assets obtained under hire purchase and finance lease contracts are capitalised in the Balance Sheet and are depreciated over their useful lives. The interest element of payments is charged to the Income and Expenditure Account over the period of the agreements.

Rentals paid under operating leases are charged against income as incurred annually over the lease term.

(j) Funds

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

Designated funds are unrestricted funds earmarked by the directors for particular purposes.

Restricted funds are to be used for specific purposes laid down by the donor. Expenditure which meets those criteria is charged to the fund, together with a fair allocation of management and support costs.

(k) Expenditure

Resources expended are recognised in the period in which they are incurred.

2. DONATIONS AND SIMILAR INCOME

Company

	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
			2014	2013
	£	£	£	£
Donations and Legacies	159,660	-	159,660	169,604

Group

	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
			2014	2013
	£	£	£	£
Donations and Legacies	159,660	-	159,660	169,604

3./

3. GRANTS RECEIVED

Company

	Unrestricted Funds	Restricted Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£
P.S.P.S.	-	150,000	150,000	-
Inverclyde Council	15,000	-	15,000	20,000
Argyll and Bute Council	15,000	-	15,000	20,000
North Ayrshire Council	20,000	-	20,000	-
	<u>50,000</u>	<u>150,000</u>	<u>200,000</u>	<u>40,000</u>

Group

	Unrestricted Funds	Restricted Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£
P.S.P.S.		150,000	150,000	-
Glasgow City Council	30,000	-	30,000	50,000
Inverclyde Council	15,000	-	15,000	20,000
Argyll and Bute Council	15,000	-	15,000	20,000
North Ayrshire Council	20,000	-	20,000	-
	<u>80,000</u>	<u>150,000</u>	<u>230,000</u>	<u>90,000</u>

4. DIRECT CHARITABLE EXPENDITURE

Group

	Unrestricted Funds	Restricted Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£
Wages	590,040	-	590,040	593,446
Ship Repair and Operating Expenses	789,617	150,000	939,617	1,163,091
Sales and Marketing Expenses	235,249	-	235,249	270,615
Other Costs	19,693	-	19,693	25,348
	<u>1,634,599</u>	<u>150,000</u>	<u>1,784,599</u>	<u>2,052,500</u>

5. MANAGEMENT AND ADMINISTRATION

Company

The costs incurred in the year total £22,125 (2013 - £20,847).

Group

	Unrestricted Funds	Restricted Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£
Wages	241,373	-	241,373	231,404
Office Costs	71,664	-	71,664	69,672
Professional Fees	30,000	-	30,000	30,687
	<u>343,037</u>	<u>-</u>	<u>343,037</u>	<u>331,763</u>

6. INCOME FROM TRADING OPERATIONS - Group

All income from trading operations arises in the United Kingdom and represents the value of goods sold and services provided during the year stated net of VAT.

7. STAFF COSTS

	2014	2013
	£	£
Wages and Salaries	612,925	704,730
Social Security Costs	44,511	32,104
External Crew Hire Costs	39,020	21,510
Pension Costs	134,957	66,506
	<u>831,413</u>	<u>824,850</u>

No employee received emoluments in excess of £60,000.

	2014	2013
Average Number of Employees		
Sailing	17	17
Office Staff and Management	8	8
	<u>25</u>	<u>25</u>

Directors Remuneration

Two directors of Waverley Steam Navigation Co Ltd received remuneration totalling £18,000 (2013-£9,000 for one director) from Waverley Excursions Ltd. No other director of the parent company received any remuneration in respect of their services. One director of Waverley Excursions Limited received remuneration of £52,000 (2013 – £27,733) together with payments to a money purchase pension scheme of £3,000 (2013 – £1,600) from that company.

Travel and other expenses totalling £Nil (2013 - £437) were repaid to directors of the company during the year.

At 31 October 2014 the group's share of the deficit in contributions to the Merchant Navy Officers Pension Fund was £176,664. This deficit is repayable in annual instalments by 30 September 2020. These instalments will be charged to the statement of financial activities including the income and expenditure account on an annual basis when the payments are made.

8. EXPENDITURE IN EXCESS OF INCOME

Company:

	2014	2013
	£	£
Expenditure in excess of income is stated after charging:-		
Auditors Remuneration:	1,350	1,295
Depreciation – Owned Assets	301,779	334,541

Group:

	2014	2013
	£	£
Expenditure in excess of income is stated after charging:-		
Auditors Remuneration –	9,225	9,495
Depreciation – Owned Assets	302,810	335,540

9./

9. TAXATION

(a) Company

No taxation is payable by the company due to its charitable status.

(b) Group

	2014	2013
	£	£
Corporation Tax (Re)/Payable	-	-

Factors affecting Tax Charge for the Year

The Corporation Tax assessed for the year is different from the standard small companies rate of Corporation Tax in the United Kingdom of 20% (2013 – 20%). The differences are explained below:

	2014	2013
	£	£
		<i>(restated)</i>
Net group expenditure in excess of income before taxation	(73,622)	(609,400)
Less: Parent company's expenditure in excess of income	(181,427)	(677,645)
Net Profit of subsidiary companies before taxation	107,805	68,245
Profit on ordinary activities multiplied by the standard small companies rate of Corporation Tax in the United Kingdom of 20% (2013 – 20%)	21,561	13,649
Effects of - Expenses non deductible for tax purposes	1,292	7,423
- Charges on Income	(44)	(21)
- Depreciation in excess of capital allowances	-	133
- Capital Allowances in excess of depreciation	(34)	-
- Losses utilised in year	(22,775)	(21,184)
Current Corporation Tax charge for year	-	-

10. PRIOR YEAR ADJUSTMENT

Adjustments have been made to prior year figures in relation to gift aid claims made by the company to H.M. Revenue and Customs during 2013, which following the outcome of an enquiry, are not receivable. After lengthy negotiations with H.M. Revenue and Customs it was agreed that gift aid claims made in 2012 and prior years were valid under legitimate expectations but that no further claims would be payable.

A prior year adjustment of £175,448 has been made in the financial statements for the year ended 31 October 2013 to account for this. Consequently, debtors at the year end and opening funds have been adjusted accordingly.

11./

11. TANGIBLE FIXED ASSETS

(a) Group

	Equip- ment For Vessels	Computer Equip- ment	Office Equip- ment	Plant And Equip- ment	Vessels	Total
	£	£	£	£	£	£
Cost						
As at 1st November 2013	61,846	18,906	7,343	1,550	8,673,344	8,762,989
Additions during year	-	926	-	-	-	926
Disposals during year	-	-	-	-	-	-
As at 31st October 2014	61,846	19,832	7,343	1,550	8,673,344	8,763,915
Depreciation						
As at 1st November 2013	58,766	18,740	6,343	1,550	4,938,090	5,023,489
On Disposals	-	-	-	-	-	-
Provided during year	385	241	405	-	301,779	302,810
As at 31st October 2014	59,151	18,981	6,748	1,550	5,239,869	5,326,299
Net Book Value						
As at 31st October 2014	2,695	851	595	-	3,433,475	3,437,616
As at 31st October 2013	3,080	166	1,000	-	3,735,254	3,739,500

(b) Company

	Vessels
	£
Cost	
As at 1st November 2013	8,673,344
Additions during year	-
Disposals during year	-
As at 31st October 2014	8,673,344
Depreciation	
As at 1st November 2013	4,938,090
On Disposals	-
Provided during year	301,779
As at 31st October 2014	5,239,869
Net Book Value	
As at 31st October 2014	3,433,475
As at 31st October 2013	3,735,254

On 18th February 1998 the Trustees of the National Heritage Memorial Fund took a 25 year mortgage on the vessel P.S. "Waverley" as security for the conditions of the grant accepted by the Company for the Heritage Rebuild project. The Trustees of the National Heritage Memorial Fund also have a mortgage on the vessel M.V. "Balmoral" as security for funding received by the company towards M.V. "Balmoral's" regeneration project.

The Paddle Steamer Preservation Society have a charge on P.S. "Waverley" securing a total sum of £695,835.

12. INVESTMENTS

(a) Group

Subsidiary Undertakings at 31 October 2014

Name of Company	Incorporated and Registered in	Nature of Business	Proportion Owned
Waverley Excursions Limited	Scotland	Ship Operator	100%
Timecrest Ltd	Scotland	Employee Management	100%
Waverley Excursions Guernsey Ltd	Guernsey	Employment Company	100%

Waverley Steam Navigation Co Ltd owns 100% of the issued share capital of Waverley Excursions Ltd. Both Timecrest Ltd and Waverley Excursions Guernsey Ltd are wholly owned subsidiary companies of Waverley Excursions Ltd. Following the year end Waverley Excursions Guernsey Ltd was subject to a voluntary liquidation and the company was struck off after all liabilities had been settled.

(b) Company

INVESTMENT IN SUBSIDIARY

	2014	2013
	£	£
Shares in Waverley Excursions Limited at Cost	100	100

13. DEBTORS

	Group		Company	
	2014	2013	2014	2013
		£ (restated)	£	£ (restated)
Trade Debtors	40,055	49,536	-	-
Other Debtors	137,892	192,513	115,701	131,833
Amount owed by Subsidiary Undertaking	-	-	463,448	354,286
	<u>177,947</u>	<u>242,049</u>	<u>579,149</u>	<u>486,119</u>

14. CREDITORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Amounts falling due within one year:-				
P.S.P.S.	91,908	19,044	91,908	19,044
Trade Creditors	334,756	385,520	-	-
Social Security and other Taxes	33,935	21,007	-	-
Other Creditors	66,197	39,163	3,245	12,180
	<u>526,796</u>	<u>464,734</u>	<u>95,153</u>	<u>31,224</u>
Amounts falling due in more than one year:-				
P.S.P.S. Loan	<u>117,201</u>	<u>267,201</u>	<u>117,201</u>	<u>267,201</u>

15. SHARE CAPITAL

	2014	2013
Allotted, Called Up and Fully Paid		
78 Ordinary Shares of £1 each	<u>78</u>	<u>79</u>

During the year 1 ordinary share of £1 was returned to the company for no consideration.

16./

16. CAPITAL AND OTHER COMMITMENTS

	2014	2013
Contracted for but not provided for in the accounts	Nil	<i>Nil</i>
Authorised by the Directors but not contracted for	Nil	<i>Nil</i>

17. RESTRICTED FUNDS

Company and Group

	2014	2013
	£	£
Balance brought forward at 1 November 2013	3,647,381	3,973,405
Add: Received during the year	150,000	-
	<hr/>	<hr/>
	3,797,381	3,973,405
Less: Depreciation charge in year	(293,262)	(326,024)
Specific restoration work carried out	(150,000)	-
	<hr/>	<hr/>
	3,354,119	3,647,381

The balance of restricted funds comprise of external funding towards PS. Waverley's heritage rebuild projects less associated annual depreciation charges.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

(a) Group

	2014	2013
	£	£ (restated)
Opening Shareholders' Funds	3,708,316	4,317,716
Deficit for the Financial Year	(73,622)	(609,400)
	<hr/>	<hr/>
Closing Shareholders' Funds	3,634,694	3,708,316

(b) Company

	2014	2013
	£	£ (restated)
Opening Shareholders' Funds	4,130,920	4,808,565
Deficit for the Financial Year	(181,427)	(677,645)
	<hr/>	<hr/>
Closing Shareholders' Funds	3,949,493	4,130,920

If upon winding up or dissolution of the Company there remains after satisfaction of all debts and liabilities any property whatsoever the same shall not be paid or distributed among the shareholders of the company but shall be given or transferred to some other Charitable Institution having objects similar to the objects of the company.

19./

19. RECONCILIATION OF EXPENDITURE IN EXCESS OF INCOME BEFORE TAX TO NET CASH (OUTFLOW)/INFLOW FROM ORDINARY ACTIVITIES

(a) Group

	2014	2013
	£	£ <i>(restated)</i>
Expenditure in Excess of Income Before Tax	(73,622)	(609,400)
Interest Received	(299)	(822)
Depreciation Charges	302,810	335,540
Decrease in Stock	1,887	16,263
Decrease in Debtors	64,102	174,241
(Decrease)/Increase in Creditors	(79,003)	109,789
	<hr/> 215,875	<hr/> 25,611

(b) Company

	2014	2013
	£	£
Expenditure in Excess of Income	(181,427)	(677,645)
Interest Received	(899)	(5,289)
Depreciation Charges	301,779	334,541
(Decrease)/Increase in Creditors	(77,136)	148,415
(Increase)/Decrease in Debtors	(93,030)	40,165
	<hr/> (50,713)	<hr/> (159,813)

20. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

(a) Group

	2014	2013
	£	£
Increase in Cash	206,313	26,433
Cash Inflow from Debt Repayment	8,935	-
	<hr/> 215,248	<hr/> 26,433
Movement in Net Funds in Year	215,248	26,433
Net Funds at Start of Year	433,735	407,302
	<hr/> 648,983	<hr/> 433,735

(b) Company

	2014	2013
	£	£
Decrease in Cash	(58,749)	(154,524)
Cash Inflow from Debt Repayment	8,935	-
	<hr/> (49,814)	<hr/> (154,524)
Movement in Net Funds in Year	(49,814)	(154,524)
Net Funds at Start of Year	198,937	353,461
	<hr/> 149,123	<hr/> 198,937

21./

21. ANALYSIS OF NET FUNDS

a) Group

	At 1st November 2013	Cashflow	Non-Cash Charges	At 31st October 2014
	£	£	£	£
Cash at Bank	442,670	206,313	-	648,983
Loans Due < 1 year	(8,935)	8,935	-	-
	433,735	215,248	-	648,983

b) Company

	£	£	£	£
Cash at Bank	207,872	(58,749)	-	149,123
Loans Due < 1 year	(8,935)	8,935	-	-
	198,937	(49,814)	-	149,123

22. RELATED PARTY TRANSACTIONS

The Paddle Steamer Preservation Society holds a majority shareholding in the company. During the year the company received grant funding of £150,000 (2013 - £Nil) from the Paddle Steamer Preservation Society. At 31 October 2014 the company owed the Paddle Steamer Preservation Society £209,109 (2013 - £286,245).