

WAVERLEY STEAM NAVIGATION CO. LIMITED

Directors' Report and Accounts
For the year ended 31st October 2016

Company Number – SC050789

Charity Number - SC005832

THURSDAY



S6B34NAZ

SCT

20/07/2017

#80

COMPANIES HOUSE

HENDERSON & COMPANY
CHARTERED ACCOUNTANTS
73 UNION STREET
GREENOCK

WAVERLEY STEAM NAVIGATION CO. LIMITED

Trustees

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

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
TRUSTEES' REPORT

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the company and group for the year ended 31st October 2016. The legal and administrative information on page one forms part of this report.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities.

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 PS. Waverley in a manner which accurately reflects her unique status. The vessel was built in the late 1940's and it is central to the trustees' vision that she should be preserved in a way which allows passengers:

- to appreciate fully the features of her design which distinguishes her from vessels built more recently;
- to be educated in the heritage of coastal day excursion ships;
- to enjoy traditional day long coastal excursions which were common when PS. Waverley was built but is now uniquely offered by this vessel;
- 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 110,987 passengers (2015 – 111,044) sailing for 107 days (2015 – 103 days).

The consolidated statement of financial activities, incorporating the income and expenditure account brings out a surplus for the year on unrestricted funds of £204,285 (2015 - £247,540). During the year the winter refit and repair costs on PS. Waverley totalled £398,098 (2015 - £448,275). 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.

This financial year was a successful one despite a series of challenges which were overcome and did not impact on the many passengers who sailed on Waverley during the season.

The Board's objective has been to maintain the progress made over the last two years and build the platform for the future. The Board and the Executive have worked closely together to modernise the operation while still delivering Waverley in a way that allows the many regular customers to experience the ship in its traditional style.

2016 was the 70th Anniversary of the ship being launched and 16th June 2017 will be the anniversary of the first passenger sailing. It was important for the company to ensure that the ship entered service in May 2016 looking at her best and the general consensus was that this was achieved. The winter maintenance went well,

although,/

although every year the work required, due to the age of the ship and the increases in legislative requirements, means it is an expensive period.

Glasgow City Council provided a grant to assist with the refurbishment of the toilets which included replacement of areas of steelwork. The PSPS Scottish Branch donated £18,000 which was used to replace the paddle floats. The continued support of the PSPS is much appreciated and they have again agreed to make donations in 2017 to fund work on the starboard Spring Beam and the marmoleum flooring in the lounge and dining areas.

BAE Systems has been a long time supporter of the Company and have carried out a number of projects that assist the appearance and smooth running of the ship. We are fortunate to have a number of companies who provide donations in kind, and we are grateful for all their support.

In the season, we had a number of cancellations and adjusted sailings due to issues with the boilers. This meant a lot of extra work for the Executive and the Operations Team, especially as we had new personnel in the engine room. We appreciated the understanding of the customers when their planned days out were disrupted. There was a major focus on the boilers for the winter maintenance, to eliminate the problems and their causes. The success of this work should show in the summer months. A team of engineers with new and returning volunteers has seen a change in the way the maintenance has been tackled and we continue to adapt to modern needs.

One of the challenges that we have is a fall in regular local authority support. After next year this support will cease altogether. Waverley makes an economic benefit contribution of £7 million to the UK. The Board and the Executive will continue to press the case for support from Government and Local Authorities. The recent success of how we operate and the benefits of low fuel prices has helped but we still believe that the World's Last Sea Going Paddle Steamer deserves and should receive support.

We are pleased to report that after a long period of consultation we have arrived at a potential solution so we can implement a Gift Aid scheme in 2017. Discussions with HMRC and the assistance of The Scotland Office have resulted in this outcome and we are grateful for their co-operation.

We commented last year that traditional routes are under threat as Ports and Piers require investment from the Authorities and this is not often available. In the coming season, Bournemouth will be removed from the timetable as the pier is no longer suitable for Waverley to call at until repairs are carried out.

The Board would like to thank Captain Ross Cochrane for a successful first season as Master. They would also like to thank the Ship's Crew, all the volunteers through out the UK, Chief Executive Kathleen O'Neill and all the staff in the office.

2017 will no doubt have its challenges again but the Board are confident that with everyone's continued efforts and support, it will be a successful year.

Reserve Policy

The trustees have established the level of reserves which the charity ought to have. Reserves are required to cover possible emergency repairs to the vessel and to maintain her in the condition to which she was 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 trustees 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 trustees, working with its subsidiary company Waverley Excursions Limited, 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./

against this plan on a regular basis and a comprehensive review is carried out on an annual basis. The plan focused the trustees on the need to maintain Waverley in the condition prevailing her 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 Waverley operational.

Fixed Assets

Movements in Fixed Assets are detailed in Note 10 to the accounts.

Related Parties

The Paddle Steamer Preservation Society, a charity registered in England, is a related party by virtue of its 67.10% 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.

Trustees and their Interests

The qualification of a trustee 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 trustees 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 trustees of the Company.

All company decisions are made by the Board of Trustees.

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

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

The following Trustees are to retire from the Board in accordance with the Articles of Association, and being eligible, offer themselves for re-election:- D. Docherty, W.L. Sinclair and G. Taylor.

Trustee 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 trustees is a developed awareness of the heritage and tradition which the company seeks to maintain through the operation of Waverley. This awareness will have been developed through regular sailing on board the ship, 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 trustees are encouraged to develop this awareness further by continuing to sail aboard Waverley wherever she 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 trustees 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. Trustees 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./

Statement of Trustees Responsibilities

The trustees (who are also directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- 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 charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

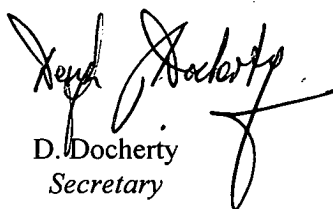
Statement as to Disclosure of Information to Auditors

So far as the trustees are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make themselves aware any relevant audit information and to establish that the group'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

15th June 2017

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 2016 on pages 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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, 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 (as amended). 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 and 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 described in the Statement of Trustees Responsibilities set out on page five, the trustees (who are also the 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 to you in accordance with 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 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 Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information which 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 parent company's affairs as at 31 October 2016 and of group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice Applicable to Smaller Entities; and
- 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions from the requirement to prepare a Strategic Report or in the preparing of the Report of the Trustees.



John Henderson (Senior Statutory Auditor)
For and on behalf of Henderson & Company
Eligible to act as auditor in terms of Section 1212 of the Companies Act 2006
Statutory Auditor
73 Union Street
Greenock
PA16 8BG

10th July 2017

WAVERLEY STEAM NAVIGATION CO. LIMITED
PARENT COMPANY INCOME AND EXPENDITURE ACCOUNT (INCLUDING STATEMENT OF
FINANCIAL ACTIVITIES) FOR THE YEAR ENDED 31ST OCTOBER 2016

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2016 £ | Total Funds 2015 £ |
|---|------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Donations and Similar Income | 2 | 75,109 | - | 75,109 | 242,389 |
| Grants Received | 3 | 19,000 | 103,638 | 122,638 | 185,000 |
| Incoming Resources from operating activities in furtherance of charitable objectives : | 6 | | | | |
| Sailing Revenue | | 1,550,243 | - | 1,550,243 | 1,394,611 |
| Charter Fees | | 21,000 | - | 21,000 | 37,500 |
| Catering & Shop Rental | | 58,508 | - | 58,508 | 59,058 |
| Bank Interest Received | | 835 | - | 835 | 620 |
| Total Income for the Year | | 1,724,695 | 103,638 | 1,828,333 | 1,919,178 |
| Resources Expended | | | | | |
| Management and Administration | 5 | 2,450 | - | 2,450 | 11,250 |
| Other Costs | | 1,595,083 | 103,638 | 1,698,721 | 1,708,712 |
| Depreciation Charges | | 8,517 | 293,262 | 301,779 | 301,779 |
| Total Expenditure for the Year | | 1,606,050 | 396,900 | 2,002,950 | 2,021,741 |
| Expenditure in excess of Income in Year | 8 | 118,645 | (293,262) | (174,617) | (102,563) |
| Balance Brought Forward at 31 October 2015 | | 785,990 | 3,060,857 | 3,846,847 | 3,949,410 |
| Balance Carried Forward at 31 October 2016 | | 904,635 | 2,767,595 | 3,672,230 | 3,846,847 |

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT (INCLUDING STATEMENT OF
FINANCIAL ACTIVITIES) FOR THE YEAR ENDED 31ST OCTOBER 2016

| | Note | Unrestricted Funds | Restricted Funds | Total Funds 2016 | Total Funds 2015 |
|--|------|-----------------------|---------------------|------------------------|------------------------|
| | | £ | £ | £ | £ |
| Donations and Similar Income | 2 | 75,109 | - | 75,109 | 242,389 |
| Grants Received | 3 | 19,000 | 103,638 | 122,638 | 200,000 |
| Trading Operations: | 6 | | | | |
| Sailing Revenue | | 1,575,636 | - | 1,575,636 | 1,453,692 |
| Bar and Catering Revenue | | 477,547 | - | 477,547 | 445,368 |
| Shop Sales | | 102,693 | - | 102,693 | 85,439 |
| Other Income | | 4,383 | - | 4,383 | 1,650 |
| Bank Interest Received | | 1,166 | - | 1,166 | 882 |
| Total Income for the Year | | 2,255,534 | 103,638 | 2,359,172 | 2,429,420 |
| Resources Expended | | | | | |
| Bar and Catering Expenses | | 124,059 | - | 124,059 | 110,253 |
| Shop Expenses | | 37,128 | - | 37,128 | 30,829 |
| Direct Charitable Expenditure | 4 | 1,553,320 | 103,638 | 1,656,958 | 1,664,139 |
| Management and Administration | 5 | 327,207 | - | 327,207 | 367,209 |
| Depreciation Charges | | 9,535 | 293,262 | 302,797 | 302,712 |
| Total Expenditure | | 2,051,249 | 396,900 | 2,448,149 | 2,475,142 |
| Expenditure in Excess of Income in Year | 8 | 204,285 | (293,262) | (88,977) | (45,722) |
| Balance Brought Forward at 31 October 2015 | | 528,032 | 3,060,857 | 3,588,889 | 3,634,611 |
| Balance Carried Forward at 31 October 2016 | | 732,317 | 2,767,595 | 3,499,912 | 3,588,889 |

WAVERLEY STEAM NAVIGATION CO. LIMITED
PARENT COMPANY BALANCE SHEET
AS AT 31ST OCTOBER 2016

| | 2016 | 2015 | Note |
|--|-----------|-----------|------|
| | £ | £ | |
| FIXED ASSETS | | | |
| Tangible Assets | 2,829,917 | 3,131,696 | 10 |
| Investment in Subsidiary | 100 | 100 | 11 |
| | 2,830,017 | 3,131,796 | |
| CURRENT ASSETS | | | |
| Debtors | 371,555 | 359,328 | 12 |
| Cash at Bank | 618,002 | 501,695 | |
| | 989,557 | 861,023 | |
| CREDITORS: | | | |
| Amounts falling due within one year | 30,060 | 28,688 | 13 |
| NET CURRENT ASSETS | 959,497 | 832,335 | |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 3,789,514 | 3,964,131 | |
| CREDITORS: | | | |
| Amounts falling due after more than one year | 117,201 | 117,201 | 13 |
| | 3,672,313 | 3,846,930 | |
| CAPITAL AND RESERVES | | | |
| Called Up Share Capital | 76 | 78 | 14 |
| Capital Redemption Reserve | 7 | 5 | |
| Unrestricted Reserves | 904,635 | 785,990 | |
| Restricted Reserves | 2,767,595 | 3,060,857 | 16 |
| Shareholders' Funds | 3,672,313 | 3,846,930 | 17 |

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

These financial statements were approved by the Board of Trustees on 15th June 2017 and were signed on its behalf by:



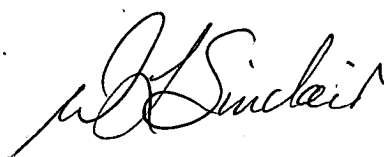
W.L. Sinclair
Trustee

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER 2016

| | 2016 | 2015 | Note |
|--|-----------|-----------|------|
| | £ | £ | |
| FIXED ASSETS | | | |
| Tangible Assets | 2,833,533 | 3,134,904 | 10 |
| CURRENT ASSETS | | | |
| Stocks | 10,969 | 8,440 | |
| Debtors | 62,512 | 64,198 | 12 |
| Cash at Bank and on Hand | 1,184,747 | 973,264 | |
| | 1,258,228 | 1,045,902 | |
| CREDITORS: | | | |
| Amounts falling due within one year | 474,565 | 474,633 | 13 |
| NET CURRENT ASSETS | 783,663 | 571,269 | |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 3,617,196 | 3,706,173 | |
| CREDITORS: | | | |
| Amounts falling due after more than one year | 117,201 | 117,201 | 13 |
| | 3,499,995 | 3,588,972 | |
| CAPITAL AND RESERVES | | | |
| Called Up Share Capital | 76 | 78 | 14 |
| Capital Redemption Reserve | 7 | 5 | |
| Unrestricted Reserves | 732,317 | 528,032 | |
| Restricted Reserves | 2,767,595 | 3,060,857 | 16 |
| Shareholders' Funds | 3,499,995 | 3,588,972 | 17 |

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

These financial statements were approved by the Board of Trustees on 15th June 2017 and were signed on its behalf by:



W.L. Sinclair
Trustee

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
NOTES TO THE ACCOUNTS AS AT 31ST OCTOBER 2016

1. ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared in accordance with the Charities SORP (FRSSE) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015)', the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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 Limited 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 2016.

(c) Incoming Resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified by way of reasonable accuracy. The following specific policies are applied to particular categories of income;-

Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.

Investment income is included when receivable.

Incoming resources from trading activities are accounted for when earned.

Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration for its performance.

Income is only deferred when the donor specifies that the grant or donation must only be used in future accounting periods or the donor has imposed conditions which must be met before the charity has unconditional entitlement.

(d) Resources Expended

Expenditure is recognised on an accruals basis as the liability is incurred. Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the fees for external scrutiny and costs linked to the strategic management of the charity. All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

(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 | 4% | straight line |
| Computer Equipment | 20% | straight line |
| Office Equipment | 15% | straight line |

(f) Stocks

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

(g) Debtors

Trade and other debtors are recognised at the settlement amount due after any discounts offered.

(h) Cash at Bank and in Hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short term maturity of three months or less from the opening of the deposit or similar account.

(i) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts.

(j) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recorded at transaction value and subsequently measured at their settlement value.

(k) 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.

(l) 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.

(m) 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.

(n)/

(n) 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.

2. DONATIONS AND SIMILAR INCOME**Group and Company**

| | Unrestricted Funds | Restricted Funds | Total Funds 2016 | Total Funds 2015 |
|------------------------|-------------------------------|-----------------------------|---------------------------------|---------------------------------|
| | £ | £ | £ | £ |
| Donations and Legacies | 75,109 | - | 75,109 | 242,389 |

3. GRANTS RECEIVED**Group**

| | Unrestricted Funds | Restricted Funds | Total Funds 2016 | Total Funds 2015 |
|-------------------------|-------------------------------|-----------------------------|---------------------------------|---------------------------------|
| | £ | £ | £ | £ |
| P.S.P.S. | - | 53,638 | 53,638 | 115,000 |
| Glasgow City Council | - | 50,000 | 50,000 | 15,000 |
| Inverclyde Council | - | - | - | 10,000 |
| Argyll and Bute Council | - | - | - | 10,000 |
| North Ayrshire Council | 10,000 | - | 10,000 | 15,000 |
| South Ayrshire Council | 9,000 | - | 9,000 | 35,000 |
| | 19,000 | 103,638 | 122,638 | 200,000 |

Company

| | Unrestricted Funds | Restricted Funds | Total Funds 2016 | Total Funds 2015 |
|-------------------------|-------------------------------|-----------------------------|---------------------------------|---------------------------------|
| | £ | £ | £ | £ |
| P.S.P.S. | - | 53,638 | 53,638 | 115,000 |
| Glasgow City Council | - | 50,000 | 50,000 | - |
| Inverclyde Council | - | - | - | 10,000 |
| Argyll and Bute Council | - | - | - | 10,000 |
| North Ayrshire Council | 10,000 | - | 10,000 | 15,000 |
| South Ayrshire Council | 9,000 | - | 9,000 | 35,000 |
| | 19,000 | 103,638 | 122,638 | 185,000 |

4./

4. DIRECT CHARITABLE EXPENDITURE

Group

| | Unrestricted Funds | Restricted Funds | Total Funds 2016 | Total Funds 2015 |
|------------------------------------|-----------------------|---------------------|------------------------|------------------------|
| | £ | £ | £ | £ |
| Wages | 501,392 | - | 501,392 | 506,190 |
| Ship Repair and Operating Expenses | 813,044 | 103,638 | 916,682 | 935,701 |
| Sales and Marketing Expenses | 216,320 | - | 216,320 | 196,189 |
| Other Costs | 22,564 | - | 22,564 | 26,059 |
| | <u>1,553,320</u> | <u>103,638</u> | <u>1,656,958</u> | <u>1,664,139</u> |

5. MANAGEMENT AND ADMINISTRATION

Company

The costs incurred in the year total £2,450 (2015- £11,250)

Group

| | Unrestricted Funds | Restricted Funds | Total Funds 2016 | Total Funds 2015 |
|-------------------|-----------------------|---------------------|------------------------|------------------------|
| | £ | £ | £ | £ |
| Wages | 250,663 | - | 250,663 | 260,400 |
| Office Costs | 66,690 | - | 66,690 | 82,709 |
| Professional Fees | 9,854 | - | 9,854 | 24,100 |
| | <u>327,207</u> | <u>-</u> | <u>327,207</u> | <u>367,209</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

| | 2016 | 2015 |
|--------------------------|----------------|----------------|
| | £ | £ |
| Wages and Salaries | 663,535 | 669,042 |
| Social Security Costs | 18,233 | 25,764 |
| External Crew Hire Costs | 30,125 | 28,913 |
| Pension Costs | 40,162 | 42,871 |
| | <u>752,055</u> | <u>766,590</u> |

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

| | 2016 | 2015 |
|-----------------------------|-----------|-----------|
| Average Number of Employees | | |
| Sailing | 18 | 19 |
| Office Staff and Management | 8 | 8 |
| | <u>26</u> | <u>27</u> |

Trustees Remuneration

Two trustees of Waverley Steam Navigation Co Ltd received remuneration totalling £22,000 (2015 - £24,000) from Waverley Excursions Ltd. No other trustee of the parent company received any remuneration in respect of their services. One director of Waverley Excursions Limited received remuneration of £54,500 (2015 - £53,000) together with payments to a money purchase pension scheme of £3,000 (2015 - £3,000) from that company.

Travel./

Travel and other expenses totalling £3,794 (2015 - £3,222) were repaid to trustees of the company during the year.

At 31 October 2016 the group's share of the deficit in contributions to the Merchant Navy Officers Pension Fund was £117,776. 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:

| | 2016 | 2015 |
|--|---------|---------|
| | £ | £ |
| Expenditure in excess of income is stated after charging:- | | |
| Auditors Remuneration: | 1,350 | 1,350 |
| Depreciation – Owned Assets | 301,779 | 301,779 |

Group:

| | 2016 | 2015 |
|--|---------|---------|
| | £ | £ |
| Expenditure in excess of income is stated after charging:- | | |
| Auditors Remuneration – | 6,200 | 6,200 |
| Depreciation – Owned Assets | 302,797 | 302,712 |

9. CORPORATION TAXATION

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives.

10. 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 2015 | 61,846 | 19,832 | 7,343 | 1,550 | 7,544,473 | 7,635,044 |
| Additions during year | - | 1,426 | - | - | - | 1,426 |
| Disposals during year | - | - | - | - | - | - |
| As at 31st October 2016 | 61,846 | 21,258 | 7,343 | 1,550 | 7,544,473 | 7,636,470 |
| Depreciation | | | | | | |
| As at 1st November 2015 | 59,536 | 19,222 | 7,055 | 1,550 | 4,412,777 | 4,500,140 |
| On Disposals | - | - | - | - | - | - |
| Provided during year | 385 | 525 | 108 | - | 301,779 | 302,797 |
| As at 31st October 2016 | 59,921 | 19,747 | 7,163 | 1,550 | 4,714,556 | 4,802,937 |
| Net Book Value | | | | | | |
| As at 31st October 2016 | 1,925 | 1,511 | 180 | - | 2,829,917 | 2,833,533 |
| As at 31st October 2015 | 2,310 | 610 | 288 | - | 3,131,696 | 3,134,904 |

(b)/.

(b) Company

| | Vessels |
|-------------------------|----------------|
| | £ |
| Cost | |
| As at 1st November 2015 | 7,544,473 |
| Additions during year | - |
| Disposals during year | - |
| | <hr/> |
| As at 31st October 2016 | 7,544,473 |
| | <hr/> |
| Depreciation | |
| As at 1st November 2015 | 4,412,777 |
| On Disposals | - |
| Provided during year | 301,779 |
| | <hr/> |
| As at 31st October 2016 | 4,714,556 |
| | <hr/> |
| Net Book Value | |
| As at 31st October 2016 | 2,829,917 |
| | <hr/> |
| As at 31st October 2015 | 3,131,696 |
| | <hr/> |

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

11. INVESTMENTS**(a) Group**

Subsidiary Undertakings at 31 October 2016

| Name of Company | Incorporated and Registered in | Nature of Business | Proportion Owned |
|---|--------------------------------|--------------------|------------------|
| Waverley Excursions Limited | Scotland | Ship Operator | 100% |
| Waverley Excursions Guernsey (2015) Ltd | Guernsey | Employment Company | 100% |

Waverley Steam Navigation Co Ltd owns 100% of the issued share capital of Waverley Excursions Limited.

Waverley Excursions Limited owns 100% of the Ordinary £1 shares issued in Waverley Excursions Guernsey (2015) Ltd, a company incorporated in Guernsey during the current year.

(b) Company**INVESTMENT IN SUBSIDIARY**

| | 2016 | 2015 |
|---|-------------|-------------|
| | £ | £ |
| Shares in Waverley Excursions Limited at Cost | 100 | 100 |

12./

12. DEBTORS

| | Group | | Company | |
|---------------------------------------|---------------|---------------|----------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Trade Debtors | 36,391 | 40,988 | - | - |
| Other Debtors | 26,121 | 23,210 | 19,532 | 13,731 |
| Amount owed by Subsidiary Undertaking | - | - | 352,023 | 345,597 |
| | <u>62,512</u> | <u>64,198</u> | <u>371,555</u> | <u>359,328</u> |

13. CREDITORS

| | Group | | Company | |
|---|----------------|----------------|---------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Amounts falling due within one year:- | | | | |
| P.S.P.S. | 11,760 | 10,443 | 11,760 | 10,443 |
| Trade Creditors | 332,587 | 315,928 | - | - |
| Social Security and other Taxes | 49,514 | 49,216 | - | - |
| Other Creditors | 80,704 | 99,046 | 18,300 | 18,245 |
| | <u>474,565</u> | <u>474,633</u> | <u>30,060</u> | <u>28,688</u> |
| Amounts falling due in more than one year:- | | | | |
| P.S.P.S. | 117,201 | 117,201 | 117,201 | 117,201 |

14. SHARE CAPITAL

| | 2016 | 2015 |
|---|-----------|-----------|
| Allotted, Called Up and Fully Paid | | |
| 76 Ordinary Shares of £1 each | <u>76</u> | <u>78</u> |

During the year 2 Ordinary shares of £1 each were returned to the company for no consideration.

15. CAPITAL AND OTHER COMMITMENTS

| | 2016 | 2015 |
|---|------|------|
| Contracted for but not provided for in the accounts | Nil | Nil |
| Authorised by the Directors but not contracted for | Nil | Nil |

16. RESTRICTED FUNDS

| Company and Group | 2016 | 2015 |
|--|------------------|------------------|
| | £ | £ |
| Balance brought forward at 1 November 2015 | 3,060,857 | 3,354,119 |
| Add: Received during the year | 103,638 | 115,000 |
| | <u>3,164,495</u> | <u>3,469,119</u> |
| Less: Depreciation charge in year | (293,262) | (293,262) |
| Specific restoration work carried out | (103,638) | (115,000) |
| | <u>2,767,595</u> | <u>3,060,857</u> |

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

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

(a) Group

| | 2016 | 2015 |
|--------------------------------|------------------|------------------|
| | £ | £ |
| Opening Shareholders' Funds | 3,588,972 | 3,634,694 |
| Deficit for the Financial Year | (88,977) | (45,722) |
| Closing Shareholders' Funds | <u>3,499,995</u> | <u>3,588,972</u> |

(b) Company

| | 2016 | 2015 |
|--------------------------------|------------------|------------------|
| | £ | £ |
| Opening Shareholders' Funds | 3,846,930 | 3,949,493 |
| Deficit for the Financial Year | (174,617) | (102,563) |
| Closing Shareholders' Funds | <u>3,672,313</u> | <u>3,846,930</u> |

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.

18. RELATED PARTY TRANSACTIONS

The Paddle Steamer Preservation Society holds a majority shareholding in the company. During the year the company received grant funding of £53,638 (2015- £115,000) from the Paddle Steamer Preservation Society. At 31 October 2016 the company owed the Paddle Steamer Preservation Society £128,961 (2015- £127,644).