

WAVERLEY STEAM NAVIGATION CO. LTD.

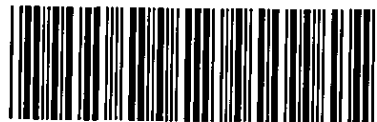
Directors' Report and Accounts
For the year ended 31st October 2009

Company Number - 50789

Charity Number - 5832

HENDERSON & COMPANY
CHARTERED ACCOUNTANTS
73 UNION STREET
GREENOCK

TUESDAY



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SCT 29/06/2010 477
COMPANIES HOUSE

WAVERLEY STEAM NAVIGATION CO. LTD.

Directors

M. Allen
F.G. Hogg
Dr. N. James
A. Lewis
Dr. J. McKendrick
I. McLeod
D.I. McMillan
Capt. J.M. Paterson
I. Ramsay
G. Reid
P.M. Reid

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. LTD.

(A Registered Charity)

REGISTERED NUMBER : 50789

DIRECTORS' REPORT

The Directors submit their Report and Accounts of the company and group for the year ended 31st October 2009.

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. 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 coastal day excursion ships;
- to enjoy traditional day long 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 and Future Developments

During the season PS. Waverley carried 123,061 (2008 – 94,892) passengers and MV. Balmoral carried 46,447 (2008 – 49,714) passengers.

The consolidated statement of financial activities incorporating the income and expenditure account brings out a surplus for the year on unrestricted funds of £189,206 (2008 – deficit of £633,094). During this year, the winter refit and repair costs on PS. Waverley totalled £327,679 (2008 - £445,734) and £123,593 (2008 - £155,077) on MV. Balmoral. These costs include the cost of repairing collision damage suffered to PS. Waverley's port sponson. The costs are reduced by an insurance recovery for PS. Waverley's collision damage. The results for the current year also benefited from the recovery of an insurance claim in respect of the paddle wheel repair, which was carried out in 2008. Restricted funds, which comprise funding received towards capital projects less associated annual costs and depreciation charges were reduced by £384,844 this year. This reduction relates entirely to annual depreciation charges as all grant income received during the year was fully expended before the year end.

The period under review in this report has been almost equally challenging as was the 2008 season, but the fact that the financial result shows a considerable improvement is due to the successful development of a variety of initiatives against a background in some ways similar to that of 2008.

The first un hoped - for similarity was a further serious mechanical problem which emerged when PS. Waverley's ten – year - old boilers were examined in late autumn 2008. Detailed inspection revealed that in addition to furnace repairs, a complete re-tubing of both boilers would be required. This was unheard of in boilers of such relatively recent construction, and the scale of the repair work involved meant that the start of the season in the Western Isles planned for the beginning of May had to be delayed until the final weekend of

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the month. As it turned out, the weather meant that, had the ship attempted to operate the original schedule, there would have been numerous cancellations and amendments. Instead, the season opened in perfect conditions in late May, and the per day revenue from the delayed Western Isles sailings was the best ever.

MV. Balmoral also started her Diamond Jubilee season well, with a packed first trip from Bristol on a wet Wednesday morning. After an early spell of inclement weather, the ship settled down to very successful visits to the North West, the Solent and the Thames. One highlight was 27 June, the sixtieth anniversary of her launch, when she retraced her old route from Southampton to Cowes and around the Isle of Wight with some 600 passengers aboard. PS. Waverley, after a successful spell on the Bristol Channel with an average of over 800 passenger journeys per day, returned to the Clyde, where her main season started in fine weather.

There was, therefore, cautious optimism that the ills of 2008 were behind us. This was dashed on 26 June when PS. Waverley, with over 800 passengers aboard, landed heavily at Dunoon, causing minor injuries to a small number of passengers, and significant damage to the vessel's port sponson. This required withdrawal from service for a week, during which the sun shone. When the ship returned to service, the weather took a major turn for the worse and remained thus for the rest of the Clyde season. The West of Scotland suffered the wettest August on record. In addition, repairs to Largs pier over ran which meant that for a substantial part of the main season, that important pier was closed and passengers were bussed to Fairlie, causing significant disruption to schedules, increased cost, and loss of revenue.

MV. Balmoral returned to the Bristol Channel in mid July for her main season, which, as with PS. Waverley on the Clyde, was plagued by wet and windy weather. This caused almost as much disruption to sailings as had occurred in 2008: in August some 30% of her sailings were cancelled and many more severely disrupted.

The end of the season was blessed with better weather conditions and good passenger numbers on the Solent and the Thames. MV. Balmoral carried good loadings for her final days on the Bristol Channel in early September.

Against such a background, the financial result demonstrates clearly that the developments carried out, at least in part as a result of the 2008 action plan, have been successful.

Marketing initiatives produced a clear increase in the number of first time passengers aboard both ships and in all areas of operation; targeted marketing of suitable trips for children brought a noticeable increase in the number of families on board, especially on the Clyde; varying the Clyde Sunday schedules proved a big hit; the provision of more up market catering options in the paddler's lower bar was a great success, both from the point of view of customer satisfaction and revenue. The rather more controversial shortening of the season yielded significantly higher revenue per day: the operating season for MV. Balmoral was reduced by 36%, but passenger revenue was down by only 9%.

While budgets were not met in 2009, largely due to weather, we can take some comfort from the fact that although 2008 and 2009 had some less fortunate features in common, the operational financial result in 2009 was over £400,000 better than in 2008 before taking account of non recurring items. This represents considerable progress in the right direction, and did not happen by itself.

The directors are now focusing firmly on developing the business into the future. Key to this process is a recognition that Waverley Excursions Ltd currently has too few people trying to do too much, and the WSN board is now actively seeking support – both financial and in terms of the help of influential individuals – which will enable us both to regenerate old and find new revenue streams, and fund the human resources necessary to do this. We are now mapping the way forward. A business plan encompassing 2010 – 2014 and demonstrating enhanced revenue, and the methodology for achieving it, is in the final stages of preparation. It is hoped that one of the results will be a gradual return to viable sailings in the earlier part of the season as from 2011.

All our endeavours take place in a world where expectations regarding safety are rightly of paramount importance, and the board of directors remains satisfied that the safety of the passengers, the crew and vessels is accorded the highest priority by all concerned with the operation of PS. Waverley and MV. Balmoral.

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As always, the directors owe a huge debt of gratitude to all those involved in the operation and maintenance of PS. Waverley and MV. Balmoral, both afloat and ashore, paid and unpaid, who put in extraordinary effort, drive and determination to keep our piece of maritime heritage alive. David Rodger resigned as director and chairman of Waverley Excursions Ltd in early 2009; to him we owe the origination of the 2008 action plan which is now bearing fruit. He has been succeeded in that vital role by Graeme Hogg.

Finally, the directors again record their gratitude to the Council of Management of the Paddle Steamer Preservation Society, who have again provided substantial and essential support during the period under review. The 2010 season has been planned to build on the successful innovations of 2009, and these, combined with the developments outlined above, are intended to help return the business to a situation where the need for such support becomes the exception rather than the rule.

Reserve Policy

The directors have established the level of reserves which the charity ought to have. Reserves are held to cover possible emergency repairs to the vessels and to maintain the vessels in the condition to which they were restored following recent refurbishment works. The directors consider that the ideal level of reserves at 31 October 2009 is £750,000, and that this figure should not require to be increased significantly in the year to 31 October 2010. Owing to heavy losses incurred in 2008, the actual reserves freely available at 31 October 2009 were £26,717 in deficit, which is £776,717 short of the target figure. In calculating reserves the directors have excluded from total funds tangible fixed assets of £5,258,815. As noted above, the directors are actively seeking to improve profitability to recover this shortfall.

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 developed 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 10 to the accounts.

Related Parties

The Paddle Steamer Preservation Society, a charity registered in England, is a related party by virtue of its 61.44% shareholding in the company. Grants 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 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.

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

P.M. Reid
Dr. J. McKendrick
D.I. McMillan
Dr. N. James
I. McLeod
Capt. J.M. Paterson
G. Reid
M. Allen
I Ramsay
F.G. Hogg
A Lewis

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

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 suitable accounting policies and then apply them consistently;
- make judgements and 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/.

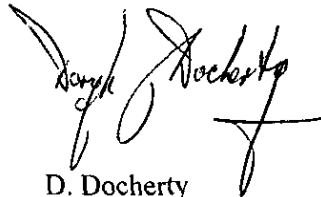
Statement as to Disclosure of Information to Auditors

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 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

A handwritten signature in black ink, appearing to read 'D. Docherty', written in a cursive style.

D. Docherty
Secretary

Waverley Terminal,
36 Lancefield Quay,
Glasgow
G3 8HA

24th April 2010

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

We have audited the financial statements of Waverley Steam Navigation Co. Limited for the year ended 31st October 2009 on pages 9 to 25. 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 company's members, as a body, in accordance with Sections 495 and 496 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements 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 the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with those financial statements.

We also report to you if, in our opinion, the charity has not kept adequate and proper accounting records, if the charity's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration required by law are not made.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion/

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company and group's affairs as at 31st October 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. The information given in the directors report is consistent with the financial statements.

A handwritten signature in black ink, appearing to read 'John Henderson', written in a cursive style.

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

3rd June 2010

WAVERLEY STEAM NAVIGATION CO. LTD.
PARENT COMPANY INCOME AND EXPENDITURE ACCOUNT (INCLUDING STATEMENT OF
FINANCIAL ACTIVITIES) FOR THE YEAR ENDED 31ST OCTOBER 2009

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2009	Total Funds 2008
		£	£	£	£
Donations and Similar Income	2	137,092	-	137,092	7,723
Grants Received	3	-	283,631	283,631	192,681
Incoming Resources from operating activities in furtherance of charitable objectives :	6				
Sailing Revenue		2,054,208	-	2,054,208	1,776,887
Charter Fees		33,000	-	33,000	132,800
Catering & Shop Rental		78,142	-	78,142	70,124
Other Income		4,686	-	4,686	-
Bank & Loan Interest Received		28,979	-	28,979	41,950
Net Income for the Year		2,336,107	283,631	2,619,738	2,222,165
Resources Expended					
Management and Administration	5	1,295	-	1,295	6,000
Other Costs		2,214,659	283,631	2,498,290	2,762,354
Bank Interest Paid		14	-	14	-
Depreciation Charges		14,065	384,844	398,909	398,909
Net Expenditure for the Year		2,230,033	668,475	2,898,508	3,167,263
Net Expenditure in excess of Income in Year	8	106,074	(384,844)	(278,770)	(945,098)
Balance Brought Forward		699,206	5,512,781	6,211,987	7,157,085
Balance Carried Forward		805,280	5,127,937	5,933,217	6,211,987

Continuing Operations

None of the Company's operations were acquired or discontinued during the years ended 31st October 2009 and 2008.

Total Recognised Gains and Losses

The Company has no recognised gains or losses other than as shown above for the years ended 31st October 2009 and 2008.

WAVERLEY STEAM NAVIGATION CO. LTD. & SUBSIDIARY UNDERTAKINGS
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT (INCLUDING STATEMENT OF
FINANCIAL ACTIVITIES) FOR THE YEAR ENDED 31ST OCTOBER 2009

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2009	Total Funds 2008
		£	£	£	£
Donations and Similar Income	2	139,236	-	139,236	11,438
Grants Received	3	26,000	283,631	309,631	218,681
Trading Operations:	6				
Sailing Revenue		2,111,816	-	2,111,816	1,884,432
Bar and Catering Revenue		585,710	-	585,710	504,987
Shop Sales		102,482	-	102,482	92,747
Other Income		30,135	-	30,135	13,944
Bank Interest Received		3,486	-	3,486	16,687
Net Income for the Year		2,998,865	283,631	3,282,496	2,742,916
Less: Bar and Catering Expenses		251,264	-	251,264	205,636
Shop Expenses		52,658	-	52,658	51,382
		2,694,943	283,631	2,978,574	2,485,898
Resources Expended					
Direct Charitable Expenditure	4	2,134,331	283,631	2,417,962	2,789,181
Management and Administration	5	356,023	-	356,023	314,366
Bank Interest Paid		14	-	14	-
Depreciation Charges		15,369	384,844	400,213	400,289
		2,505,737	668,475	3,174,212	3,503,836
Expenditure in Excess of Income in Year Before Tax	8	189,206	(384,844)	(195,638)	(1,017,938)
Taxation	9	-	-	-	-
Expenditure in Excess of Income in Year After Tax		189,206	(384,844)	(195,638)	(1,017,938)
Balance Brought Forward		(85,045)	5,512,781	5,427,736	6,445,674
Balance Carried Forward		104,161	5,127,937	5,232,098	5,427,736

Continuing Operations

None of the Group's operations were acquired or discontinued during the years ended 31st October 2009 and 2008.

Total Recognised Gains and Losses

The Group has no recognised gains or losses other than as shown above for the years ended 31st October 2009 and 2008.

**WAVERLEY STEAM NAVIGATION CO. LTD.
PARENT COMPANY BALANCE SHEET
AS AT 31ST OCTOBER 2009**

	2009	2008	Note
	£	£	
FIXED ASSETS			
Tangible Assets	5,255,428	5,654,337	10
Investment in Subsidiary	100	100	12
	5,255,528	5,654,437	
CURRENT ASSETS			
Debtors	904,549	1,076,041	13
Cash at Bank	44,443	13,156	
	948,992	1,089,197	
CREDITORS:			
Amounts falling due within one year	271,220	531,605	14
NET CURRENT ASSETS	677,772	557,592	
TOTAL ASSETS LESS CURRENT LIABILITIES	5,933,300	6,212,029	
Represented by:			
CAPITAL AND RESERVES			
Called Up Share Capital	83	42	16
Unrestricted Reserves	805,280	699,206	
Restricted Reserves	5,127,937	5,512,781	18
Shareholders' Funds	5,933,300	6,212,029	19

These financial statements were approved by the Board of Directors on 24th April 2010 and were signed on its behalf by:



Dr. N. James
Director

WAVERLEY STEAM NAVIGATION CO. LTD. & SUBSIDIARY UNDERTAKINGS
CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER 2009

	2009	2008	Note
	£	£	
FIXED ASSETS			
Tangible Assets	5,258,815	5,656,282	10
CURRENT ASSETS			
Stocks	22,619	30,543	
Debtors	568,035	506,375	13
Cash at Bank and on Hand	180,340	16,726	
	770,994	553,644	
CREDITORS:			
Amounts falling due within one year	794,513	775,453	14
NET CURRENT LIABILITIES	(23,519)	(221,809)	
TOTAL ASSETS LESS CURRENT LIABILITIES	5,235,296	5,434,473	
CREDITORS:			
Amounts falling due after more than one year			
Deferred Income	3,115	6,695	15
	5,232,181	5,427,778	
CAPITAL AND RESERVES			
Called Up Share Capital	83	42	16
Unrestricted Reserves	104,161	(85,045)	
Restricted Reserves	5,127,937	5,512,781	18
Shareholders' Funds	5,232,181	5,427,778	19

These financial statements were approved by the Board of Directors on 24th April 2010 and were signed on its behalf by:



Dr. N. James
Director

WAVERLEY STEAM NAVIGATION CO. LTD.
PARENT COMPANY CASHFLOW STATEMENT FOR THE YEAR ENDED
31ST OCTOBER 2009

	2009	2008	Note
	£	£	
Net Cash Inflow/(Outflow) from Ordinary Activities	2,281	(388,490)	21
Returns on Investment and Servicing of Finance			
Interest Received	28,979	41,950	
Interest Paid	(14)	-	
	28,965	41,950	
Capital Expenditure and Financial Investment			
Proceeds of Share Issue in Year	41	-	
Increase/(Decrease) in Cash in the year	31,287	(346,540)	

WAVERLEY STEAM NAVIGATION CO. LTD. & SUBSIDIARY UNDERTAKINGS
CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED
31ST OCTOBER 2009

	2009	2008	Note
	£	£	
Net Cash Inflow/(Outflow) from Ordinary Activities	162,847	(628,140)	21
Returns on Investment and Servicing of Finance			
Interest Received	3,486	16,687	
Interest Paid	(14)	-	
	3,472	16,687	
Taxation	-	-	
Capital Expenditure and Financial Investment			
Purchase of Tangible Fixed Assets	(2,746)	(856)	
Proceeds of Share Issue in Year	41	-	
Increase/(Decrease) in Cash in the year	163,614	(612,309)	

WAVERLEY STEAM NAVIGATION CO. LTD. & SUBSIDIARY UNDERTAKINGS
NOTES TO THE ACCOUNTS AS AT 31ST OCTOBER 2009

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 accounts have been prepared on the basis that the group will continue to operate as a going concern. The Paddle Steamer Preservation Society, through a mixture of short term loans and grants, agreed to provide the funding necessary to maintain operations over the winter period.

If the going concern basis were not appropriate, the group's assets would have to be written down to their realisable value and certain liabilities due in future years would fall due immediately.

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, to enhance marketing activities to increase passenger numbers and to seek out additional sources of revenue and funding, all of which are intended to restore profitability. In addition, the Paddle Steamer Preservation Society has indicated that it will continue to support the operational preservation of PS. "Waverley" in 2010 and beyond. 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 2009.

(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.

Grants received by subsidiaries from brewery companies are credited to a Deferred Income Account and are released to revenue under the conditions of the grants in annual instalments. Grants relating to expenditure on tangible fixed assets are credited to profit over a period approximating the lives of the qualifying assets. Other grants are credited to the Profit and Loss Account in the year in which they are received.

(e)/

(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) 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 2009	Total Funds 2008
	£	£	£	£
Other Donations	137,092	-	137,092	7,723

Group

	Unrestricted Funds	Restricted Funds	Total Funds 2009	Total Funds 2008
	£	£	£	£
Other Donations	139,236	-	139,236	11,438

3. GRANTS RECEIVED

Company

	Unrestricted Funds	Restricted Funds	Total Funds 2009	Total Funds 2008
	£	£	£	£
P.S.P.S.	-	283,631	283,631	132,260
Balmoral Restoration Fund	-	-	-	60,421
	-	283,631	283,631	192,681

Group

	Unrestricted Funds	Restricted Funds	Total Funds 2009	Total Funds 2008
	£	£	£	£
P.S.P.S.	-	283,631	283,631	132,260
Balmoral Restoration Fund	-	-	-	60,421
Glasgow City Council	26,000	-	26,000	26,000
	26,000	283,631	309,631	218,681

4. DIRECT CHARITABLE EXPENDITURE

Group

	Unrestricted Funds	Restricted Funds	Total Funds 2009	Total Funds 2008
	£	£	£	£
Wages	732,818	-	732,818	820,411
Ship Repair and Operating Expenses	872,918	283,631	1,156,549	1,471,131
Sales and Marketing Expenses	496,070	-	496,070	473,378
Other Costs	32,525	-	32,525	24,261
	2,134,331	283,631	2,417,962	2,789,181

5./

5. MANAGEMENT AND ADMINISTRATION

Company

The costs incurred in the year total £1,295 (2008 - £6,000).

Group

	Unrestricted Funds	Restricted Funds	Total Funds 2009	Total Funds 2008
	£	£	£	£
Wages	248,067	-	248,067	216,762
Office Costs	98,956	-	98,956	89,789
Audit and Accountancy Fees	9,000	-	9,000	7,815
	<u>356,023</u>	<u>-</u>	<u>356,023</u>	<u>314,366</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

	2009	2008
	£	£
Wages and Salaries	889,285	937,870
Social Security Costs	22,246	20,269
External Crew Hire Costs	23,004	45,039
Pension Costs	46,350	33,995
	<u>980,885</u>	<u>1,037,173</u>

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

	2009	2008
Average Number of Employees		
Sailing	26	30
Office Staff and Management	8	8
	<u>34</u>	<u>38</u>

Retirement/

Retirement benefits are accruing under a defined benefit scheme for two employees and under a money purchase scheme for one employee.

	2009	2008
Directors Remuneration (including Pension Contributions of £9,287 for three Directors (2008 - £10,792 for four Directors)	129,893	162,901

A director of Waverley Steam Navigation Co Ltd received remuneration of £44,290 (2008 - £44,290) together with payments to a defined benefit pension scheme of £4,732 (2008 - £4,720) from Waverley Excursions Ltd and another director of Waverley Steam Navigation Co Ltd received remuneration of £35,249 (2008 - £34,410) together with payments to a defined benefit pension scheme of £1,555 (2008 - £1,524) from Waverley Excursions (Guernsey) Ltd. No other director of the parent company received any remuneration in respect of their services. In 2008 a director of Waverley Excursions Limited received remuneration of £32,989 together with payments to a defined benefit pension scheme of £1,548 from Waverley Excursions (Guernsey) Limited. During the current year no directors of Waverley Excursions Limited received any remuneration from Waverley Excursions (Guernsey) Limited. One director of Waverley Excursions Limited received remuneration of £41,067 (2008 - £40,420) together with payments to a money purchase pension scheme of £3,000 (2008 - £3,000) from that company.

Travel and other expenses totalling £4,372 (2008 - £5,271) were incurred on behalf of 3 directors of the parent company during the year by Waverley Excursions Limited.

At 31 October 2009 the company had a deficit in contributions to the Merchant Navy Officers Pension Fund totalling £8,425 (2008 - £10,110) and the group had a deficit in contributions totalling £101,475 (2008 - £121,770). This sum is repayable in annual instalments over the next five years.

8. EXPENDITURE IN EXCESS OF INCOME

Company:

	2009	2008
	£	£
Expenditure in excess of income is stated after charging:-		
Auditors Remuneration:	1,295	-
Depreciation – Owned Assets	398,909	398,909

Group:

	2009	2008
	£	£
Expenditure in excess of income is stated after charging:-		
Auditors Remuneration –	9,000	7,815
Depreciation – Owned Assets	400,213	400,289
Operating Lease Payments – Property	12,900	12,000

9./

9. TAXATION

(a) Company

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

(b) Group

	2009	2008
	£	£
Corporation Tax 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 21% (2008 – 21%). The differences are explained below:

	2009	2008
	£	£
Net group expenditure in excess of income before taxation	(195,638)	(1,017,938)
Less: Parent company's expenditure in excess of income	(278,770)	(945,098)
Net Profit/(Loss) of subsidiary companies before taxation	83,132	(72,840)
Profit/(Loss) on ordinary activities multiplied by the standard small companies rate of Corporation Tax in the United Kingdom of 21% (2008 – 21%)	17,458	(15,296)
Effects of - Expenses non deductible for tax purposes	132	3,881
- Charges on Income	(4,094)	-
- Capital allowances in excess of depreciation	(492)	(101)
- Losses utilised in year	(13,004)	(559)
- Losses created in year	-	12,075
Current Corporation Tax charge for year	-	-

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 2008	57,996	17,862	4,639	1,550	8,673,344	8,755,391
Additions during year	-	765	1,981	-	-	2,746
Disposals during year	-	-	-	-	-	-
As at 31 st October 2009	57,996	18,627	6,620	1,550	8,673,344	8,758,137
Depreciation						
As at 1st November 2008	57,996	16,123	4,433	1,550	3,019,007	3,099,109
On Disposals	-	-	-	-	-	-
Provided during year	-	798	506	-	398,909	400,213
As at 31 st October 2009	57,996	16,921	4,939	1,550	3,417,916	3,499,322
Net Book Value						
As at 31 st October 2009	-	1,706	1,681	-	5,255,428	5,258,815
As at 31 st October 2008	-	1,739	206	-	5,654,337	5,656,282

(b)/

(b) Company

	Vessels
	£
Cost	
As at 1st November 2008	8,673,344
Additions during year	-
Disposals during year	-
	<hr/>
As at 31 st October 2009	8,673,344
	<hr/>
Depreciation	
As at 1st November 2008	3,019,007
On Disposals	-
Provided during year	398,909
	<hr/>
As at 31 st October 2009	3,417,916
	<hr/>
Net Book Value	
As at 31 st October 2009	5,255,428
	<hr/>
As at 31 st October 2008	5,654,337
	<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 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.

11. REPLACEMENT COSTS OF VESSELS

In the opinion of the Directors, the replacement cost of P.S. "Waverley" would be in the region of £12,000,000 and of M.V. "Balmoral" in the region of £8,000,000.

12. INVESTMENTS**(a) Group**

Subsidiary Undertakings at 31 October 2009

Name of Company	Incorporated and Registered in	Nature of Business	Proportion Owned
Waverley Excursions Ltd	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.

(b) Company**INVESTMENT IN SUBSIDIARY**

	2009	2008
	£	£
Shares in Waverley Excursions Limited at Cost	100	100

13./

13. DEBTORS

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade Debtors	147,048	155,623	-	-
Other Debtors	420,987	350,752	271,663	293,155
Amount owed by Subsidiary Undertaking	-	-	632,886	782,886
	<u>568,035</u>	<u>506,375</u>	<u>904,549</u>	<u>1,076,041</u>

The company is owed £632,886 by Waverley Excursions Ltd at 31 October 2009. Of this balance £150,000 is repayable within one year and the remaining balance is repayable in more than one year.

14. CREDITORS

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Amounts falling due within one year:-				
P.S.P.S. Loan	107,201	50,000	107,201	50,000
Trade Creditors	568,537	575,019	-	-
Amount Owed to Subsidiary Undertaking	-	-	154,839	465,375
Social Security and other Taxes	48,923	51,764	-	-
Other Creditors	69,852	98,670	9,180	16,230
	<u>794,513</u>	<u>775,453</u>	<u>271,220</u>	<u>531,605</u>

15. DEFERRED INCOME

Group	£
Balance brought forward at 1 November 2008	6,695
Less: Released to Income and Expenditure Account in current year	<u>3,580</u>
Balance carried forward at 31 October 2009	<u>3,115</u>

16. SHARE CAPITAL

	2009	2008
Authorised		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted, Called Up and Fully Paid		
83 Ordinary Shares of £1 each	<u>83</u>	<u>42</u>

During the year 41 Ordinary shares of £1 each were issued at par.

17. CAPITAL AND OTHER COMMITMENTS

	2009	2008
Contracted for but not provided for in the accounts	Nil	Nil
Authorised by the Directors but not contracted for	Nil	Nil

18./

18. RESTRICTED FUNDS

Company and Group

	2009	2008
	£	£
Balance brought forward at 1 November 2008	5,512,781	5,897,625
Add: P.S.P.S.	283,631	132,260
Balmoral Restoration Fund	-	60,421
	<hr/>	<hr/>
	5,796,412	6,090,306
Less: Depreciation charge in year	(384,844)	(384,844)
Specific restoration work carried out in year	(283,631)	(192,681)
	<hr/>	<hr/>
	5,127,937	5,512,781

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

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

(a) Group

	2009	2008
	£	£
Opening Shareholders' Funds	5,427,778	6,445,716
Shares Issued in Year	41	-
Deficit for the Financial Year	(195,638)	(1,017,938)
	<hr/>	<hr/>
Closing Shareholders' Funds	5,232,181	5,427,778

(b) Company

	2009	2008
	£	£
Opening Shareholders' Funds	6,212,029	7,157,127
Shares Issued in Year	41	-
Deficit for the Financial Year	(278,770)	(945,098)
	<hr/>	<hr/>
Closing Shareholders' Funds	5,933,300	6,212,029

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.

20. OTHER FINANCIAL COMMITMENTS

At 31st October 2009 the group had annual commitments under operating leases as set out below:

	2009	2008
	£	£
Property Leases which expire:		
Within 1 year	5,375	-
In years 2 – 5	-	12,000
In over 5 years	-	-

21. RECONCILIATION OF EXPENDITURE IN EXCESS OF INCOME BEFORE TAX TO NET CASH INFLOW FROM ORDINARY ACTIVITIES

a) Group

	2009	2008
	£	£
Expenditure in Excess of Income Before Tax	(195,638)	(1,017,938)
Interest Received	(3,486)	(16,687)
Interest Paid	14	-
Depreciation Charges	400,213	400,289
Decrease/(Increase) in Stock	7,924	(6,349)
Increase in Debtors	(61,660)	(333,464)
Increase in Creditors	15,480	346,009
	<hr/>	<hr/>
	162,847	(628,140)

b) Company

	2009	2008
	£	£
Expenditure in Excess of Income	(278,770)	(945,098)
Interest Received	(28,979)	(41,950)
Interest Paid	14	-
Depreciation Charges	398,909	398,909
(Decrease)/Increase in Creditors	(275,385)	518,395
Decrease/(Increase) in Debtors	186,492	(318,746)
	<hr/>	<hr/>
	2,281	(388,490)

22. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

a) Group

	2009	2008
	£	£
Increase/(Decrease) in Cash	163,614	(612,309)
Cash Inflow from Debt Repayment	-	-
	<hr/>	<hr/>
Movement in Net Funds in Year	163,614	(612,309)
Net Funds at Start of Year	7,791	620,100
	<hr/>	<hr/>
Net Funds at End of Year	171,405	7,791

b) Company

	2009	2008
	£	£
Increase/(Decrease) in Cash	31,287	(346,540)
Cash Inflow from Debt Repayment	-	-
	<hr/>	<hr/>
Movement in Net Funds in Year	31,287	(346,540)
Net Funds at Start of Year	4,221	350,761
	<hr/>	<hr/>
Net Funds at End of Year	35,508	4,221

23. ANALYSIS OF NET FUNDS**a) Group**

	At 1st November 2008	Cashflow	Non-Cash Charges	At 31 st October 2009
	£	£	£	£
Cash at Bank	16,726	163,614	-	180,340
Loans Due < 1 year	(8,935)	-	-	(8,935)
Loans Due > 1 year	-	-	-	-
	7,791	163,614	-	171,405

b) Company

	£	£	£	£
Cash at Bank	13,156	31,287	-	44,443
Loans Due < 1 year	(8,935)	-	-	(8,935)
Loans Due > 1 year	-	-	-	-
	4,221	31,287	-	35,508

23. RELATED PARTY TRANSACTIONS

The Paddle Steamer Preservation Society holds a majority shareholding in the company. During the year the company received grant funding of £283,631 (2008 - £192,681) from the Paddle Steamer Preservation Society. At 31 October 2009 the company owed the Paddle Steamer Preservation Society £107,201 (2008 - £50,000).