

**WAVERLEY STEAM NAVIGATION CO. LTD.**

Directors' Report and Accounts  
For the year ended 31st October 2005

Company Number - 50789

Charity Number - 5832

**HENDERSON & COMPANY**  
CHARTERED ACCOUNTANTS  
73 UNION STREET  
GREENOCK



**WAVERLEY STEAM NAVIGATION CO. LTD.**

**Directors**

P.M. Reid  
Dr. J. McKendrick B.Sc., PH.D.  
D.I. McMillan T.ENG., I.MAR.E.  
Dr. N. James PH.D.  
Capt. J.M. Paterson  
I. McLeod  
G. Reid  
M Allen

**Secretary**

K. O'Neill

**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)**

**DIRECTORS' REPORT**

The Directors submit their Report and Accounts of the company and group for the year ended 31st October 2005.

**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 P.S. "Waverley" and M.V. "Balmoral".

**Restrictions on the Company's Activities**

The Company shall not undertake any permanent trading activities in raising funds for 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**

This year's group accounts show an excess of expenditure over income of £740,681 and a retained surplus on the Income and Expenditure Account including the Statement of Financial Activities carried forward to next year of £7,153,431. The deficit for the year includes an excess of the annual depreciation charge on the externally funded rebuild costs over the capital grants received of £384,844.

The Board of Directors will continue their efforts to preserve both PS. Waverley and MV. Balmoral as the last coastal excursion vessels of their size operating in British waters. The Directors will continue to encourage Waverley Excursions Limited to operate the vessels in a way which will keep alive the traditions of coastal cruising, adapting them as necessary to meet modern trading conditions.

During the year Waverley Steam Navigation Company Limited spent £208,804 in respect of the long term preservation of the vessels.

The board of directors remains mindful of its obligations to maintain the fabric of PS. Waverley and MV. Balmoral in a manner which is sympathetic to the vessels' heritage as coastal excursion ships constructed and fitted out in the late 1940's. To that end, following his retrial from the board of Waverley Excursions Limited, they have invited Ian Ramsay to join the board of Waverley Steam Navigation Company Limited and to take a particular interest in this aspect of the company's activities.

The board of directors has also benefited from the interest and expertise of Ernest Chambers, formerly Chief Executive of West of Scotland Water. Mr Chambers has carried out a review of the operations of Waverley Steam Navigation Company Limited and Waverley Excursions Limited since the acquisition of MV. Balmoral. His findings and recommendations have been discussed by the boards of both companies and have provided invaluable information to assist in the planning of future developments.

The board of directors has been pleased to notice the effectiveness with which Waverley Excursions Limited has used the internet to attract business to the vessels and is aware that other measures are being taken to further strengthen the company's marketing expertise.

The board of directors remains deeply grateful for the commitment of the sea going and shore based staff of Waverley Excursions Limited and also acknowledges the essential contribution made to the maintenance and operation of both PS. Waverley and MV. Balmoral by volunteers who offer practical assistance and involvement in fund raising activities. Most of this activity comes from members of the Paddle Steamer Preservation Society and the board wishes to express its continuing thanks to the Society for its partnership work in preserving both vessels.

Embarking/.

Embarking on her twentieth year within the Waverley organisation, MV. Balmoral entered service in April 2006 with a sailing from Bristol to commemorate the bicentenary of the birth of Isambard Kingdom Brunel. The vessel also undertook charter commitments in Calais and Rotterdam during the early part of the season.

PS. Waverley's presence at the reopening of Blairmore pier during the 2005 season emphasised the part played by the vessel and the piers she calls at in maintaining and preserving long established traditions of transport within the area of the Firth of Clyde.

The directors are mindful of the ever changing commercial and regulatory environment within which Waverley Excursions Limited is operating PS. Waverley and MV. Balmoral. They have therefore continued to explore possibilities for obtaining additional funding to help secure the operational future of the vessels. They propose to take further steps in this direction.

#### **Reserve Policy**

The Company is endeavouring to build up its reserves in order to fund the continued preservation work which is required on the vessels which it owns.

#### **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 have produced a plan setting out the major opportunities available to the charity and the risks to which it is exposed. At each directors meeting progress is monitored and a comprehensive review of the plan is carried out annually.

The plan focused the directors on the need to maintain the vessels in the condition prevailing after the recent refurbishment work. External funding will continue to be sought to realise these objectives and the charity still requires to manage its finances prudently 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 28.57% 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 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/.

The Directors who served during the year and their interests in the Ordinary £1 shares of the Company at the Balance Sheet dates were as follows:-

	31st October 2005	31st October 2004
P.M. Reid	4	4
Dr. J. McKendrick B.Sc., PH.D.	1	1
D.I. McMillan T.ENG., I MAR.E.	2	2
Dr. N. James PH.D.	-	-
I. McLeod	1	1
Capt. J.M. Paterson	2	2
G. Reid	-	-
M. Allen (appointed 4.12.04)	-	-

The following Directors are to retire from the Board in accordance with the Articles of Association, and being eligible, offer themselves for re-election:- Dr. N. James and Dr. J. McKendrick.

#### **Statement of Directors Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the surplus or deficit for that year. In preparing those 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 and group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

#### **Auditors**

In accordance with Section 385 of the Companies Act 1985 a resolution proposing the re-appointment of Henderson & Company as auditors to the Company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



K. O'NEILL  
*Secretary*

Waverley Terminal,  
36 Lancefield Quay,  
Glasgow  
G3 8HA

20th July 2006

**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 2005 on pages 6 to 22. 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 Section 235 of the Companies Act 1985. 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

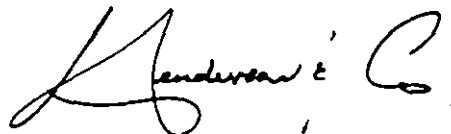
**Basis of Audit Opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards 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**

In our opinion the financial statements give a true and fair view of the state of the company and group's affairs as at 31st October 2005 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**HENDERSON & COMPANY**  
CHARTERED ACCOUNTANTS  
REGISTERED AUDITORS

73 Union Street  
Greenock

7th August 2006

**WAVERLEY STEAM NAVIGATION CO. LTD.**  
**PARENT COMPANY INCOME AND EXPENDITURE ACCOUNT (INCLUDING STATEMENT OF**  
**FINANCIAL ACTIVITIES) FOR THE YEAR ENDED 31ST OCTOBER 2005**

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
		£	£	£	£
Donations and Similar Income	2	16,780	-	16,780	20,513
Grants Received	3	-	-	-	261,330
Incoming Resources from operating activities in furtherance of charitable objectives		128,059	-	128,059	126,945
Gain on Sale of Investments		-	-	-	3,848
Bank Interest Received		17,172	-	17,172	19,782
<b>Net Income for the Year</b>		<b>162,011</b>	<b>-</b>	<b>162,011</b>	<b>432,418</b>
<b>Resources Expended</b>					
Management and Administration	5	1,295	-	1,295	1,295
Other Costs		567	-	567	44
Direct Charitable Expenditure	4	208,804	-	208,804	-
Depreciation Charges		14,065	384,844	398,909	398,909
<b>Net Expenditure for the Year</b>		<b>224,731</b>	<b>384,844</b>	<b>609,575</b>	<b>400,248</b>
<b>Net Expenditure in excess of Income in Year</b>	<b>8</b>	<b>(62,720)</b>	<b>(384,844)</b>	<b>(447,564)</b>	<b>32,170</b>
Balance Brought Forward		1,020,301	7,042,157	8,062,458	8,030,288
<b>Balance Carried Forward</b>		<b>957,581</b>	<b>6,657,313</b>	<b>7,614,894</b>	<b>8,062,458</b>

**Continuing Operations**

None of the Company's operations were acquired or discontinued during the years ended 31st October 2005 and 2004

**Total Recognised Gains and Losses**

The Company has no recognised gains or losses other than as shown above for the years ended 31st October 2005 and 2004.

**WAVERLEY STEAM NAVIGATION CO. LTD. & SUBSIDIARY UNDERTAKINGS**  
**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT (INCLUDING STATEMENT OF**  
**FINANCIAL ACTIVITIES) FOR THE YEAR ENDED 31ST OCTOBER 2005**

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
		£	£	£	£
Donations and Similar Income	2	14,336	-	14,336	14,012
Grants Received	3	26,000	-	26,000	287,330
Trading Operations:	6				
Sailing Revenue		2,140,135	-	2,140,135	2,081,516
Bar and Catering Revenue		649,977	-	649,977	650,815
Shop Sales		116,880	-	116,880	116,217
Other Income		3,611	-	3,611	4,481
Gain on sale of investments		-	-	-	3,848
Bank Interest Received		21,211	-	21,211	23,581
<b>Net Income for the Year</b>		<b>2,972,150</b>	<b>-</b>	<b>2,972,150</b>	<b>3,181,800</b>
<b>Less: Bar and Catering Expenses</b>		<b>264,549</b>	<b>-</b>	<b>264,549</b>	<b>(278,530)</b>
Shop Expenses		68,572	-	68,572	(65,411)
		<b>2,639,029</b>	<b>-</b>	<b>2,639,029</b>	<b>2,837,859</b>
<b>Resources Expended</b>					
Direct Charitable Expenditure	4	2,692,962	-	2,692,962	2,341,362
Management and Administration	5	284,210	-	284,210	274,835
Depreciation Charges		17,694	384,844	402,538	408,270
		<b>2,994,866</b>	<b>384,844</b>	<b>3,379,710</b>	<b>3,024,467</b>
<b>Expenditure in Excess of Income in Year</b>					
Before Tax	8	(355,837)	(384,844)	(740,681)	(186,608)
Taxation	9	-	-	-	(339)
<b>Expenditure in Excess of Income in Year</b>		<b>(355,837)</b>	<b>(384,844)</b>	<b>(740,681)</b>	<b>(186,269)</b>
Balance Brought Forward		851,955	7,042,157	7,894,112	8,080,381
Balance Carried Forward		496,118	6,657,313	7,153,431	7,894,112

**Continuing Operations**

None of the Group's operations were acquired or discontinued during the years ended 31st October 2005 and 2004.

**Total Recognised Gains and Losses**

The Group has no recognised gains or losses other than as shown above for the years ended 31st October 2005 and 2004.



**WAVERLEY STEAM NAVIGATION CO. LTD.**  
**PARENT COMPANY BALANCE SHEET**  
**AS AT 31ST OCTOBER 2005**

	2005	2004	Note
	£	£	
<b>FIXED ASSETS</b>			
Tangible Assets	6,851,064	7,249,973	10
Investment in Subsidiary	100	100	12
	<hr/>	<hr/>	
	6,851,164	7,250,073	
<b>CURRENT ASSETS</b>			
Debtors	420,306	116,038	13
Cash at Bank	368,696	729,119	
	<hr/>	<hr/>	
	789,002	845,157	
<b>CREDITORS:</b>			
Amounts falling due within one year	8,795	8,795	14
	<hr/>	<hr/>	
<b>NET CURRENT ASSETS</b>	780,207	836,362	
	<hr/>	<hr/>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	7,631,371	8,086,435	
<b>CREDITORS:</b>			
Amounts falling due after more than one year	16,435	23,935	14
	<hr/>	<hr/>	
	7,614,936	8,062,500	
Represented by:			
<b>CAPITAL AND RESERVES</b>			
Called Up Share Capital	42	42	16
Unrestricted Reserves	957,581	1,020,301	
Restricted Reserves	6,657,313	7,042,157	18
	<hr/>	<hr/>	
Shareholders' Funds	7,614,936	8,062,500	19
	<hr/>	<hr/>	

These financial statements were approved by the Board of Directors on 20th July 2006 and were signed on its behalf by:

*Iain McLeod*

I. McLeod

*Director*

**WAVERLEY STEAM NAVIGATION CO. LTD. & SUBSIDIARY UNDERTAKINGS**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31ST OCTOBER 2005**

	2005	2004	Note
	£	£	
<b>FIXED ASSETS</b>			
Tangible Assets	6,854,383	7,256,572	10
<b>CURRENT ASSETS</b>			
Stocks	24,001	33,320	
Debtors	241,917	302,482	13
Cash at Bank and on Hand	570,977	766,999	
	836,895	1,102,801	
<b>CREDITORS:</b>			
Amounts falling due within one year	507,744	419,076	14
<b>NET CURRENT ASSETS</b>		329,151	683,725
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	7,183,534	7,940,297	
<b>CREDITORS:</b>			
Amounts falling due after more than one year			
Other Creditors	16,435	29,391	14
Deferred Income	13,626	16,752	15
	30,061	46,143	
	7,153,473	7,894,154	
<b>CAPITAL AND RESERVES</b>			
Called Up Share Capital	42	42	16
Unrestricted Reserves	496,118	851,955	
Restricted Reserves	6,657,313	7,042,157	18
Shareholders' Funds	7,153,473	7,894,154	19

These financial statements were approved by the Board of Directors on 20th July 2006 and were signed on its behalf by:

*Iain MacLeod*

I. McLeod

*Director*

**WAVERLEY STEAM NAVIGATION CO. LTD.**  
**PARENT COMPANY CASHFLOW STATEMENT FOR THE YEAR ENDED**  
**31ST OCTOBER 2005**

	<b>2005</b>	<b>2004</b>	<b>Note</b>
	<b>£</b>	<b>£</b>	
Net Cash (Outflow)/Inflow from Ordinary Activities	(370,095)	256,093	21
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received	17,172	19,782	
<b>Capital Expenditure and Financial Investment</b>			
Purchase of Tangible Fixed Assets	-	(327,629)	
Disposal Proceeds of Investment	-	3,848	
Cash outflow from Capital Expenditure and Financial Investment	-	(323,781)	
Net Cash Outflow before Use of Liquid Resources and Financing	(352,923)	(47,906)	
<b>Financing</b>			
Repayment of Loans	(7,500)	(7,500)	
Decrease in Cash in the year	(360,423)	(55,406)	

**WAVERLEY STEAM NAVIGATION CO. LTD. & SUBSIDIARY UNDERTAKINGS**  
**CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED**  
**31ST OCTOBER 2005**

	2005	2004	Note
	£	£	
Net Cash (Outflow)/Inflow from Ordinary Activities	(202,223)	64,052	21
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received	21,211	23,581	
<b>Taxation</b>	339	(339)	
<b>Capital Expenditure and Financial Investment</b>			
Purchase of Tangible Fixed Assets	(349)	(327,629)	
Disposal Proceeds of Investment	-	3,848	
<b>Cash outflow from Capital Expenditure and Financial Investment</b>	(349)	(323,781)	
Net Cash Outflow before Use of Liquid Resources and Financing	(181,022)	(236,487)	
<b>Financing</b>			
Repayment of Loans	(15,000)	(15,000)	
Decrease in Cash in the year	(196,022)	(251,487)	

**WAVERLEY STEAM NAVIGATION CO. LTD. & SUBSIDIARY UNDERTAKINGS**  
**NOTES TO THE ACCOUNTS AS AT 31ST OCTOBER 2005**

**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 Accounts (Scotland) Regulations 1992 and Accounting and Reporting by Charities Statement of Recommended Practice (SORP) issued in October 2000.

**(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 2005. The accounts of Waverley Excursions Guernsey Limited, which are included within the consolidated accounts, have been audited by Moore Stephens, a firm of Chartered Accountants with an office in Guernsey.

**(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) 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)/**

**(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**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds</b>	<b>Total Funds</b>
			<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Donations from subsidiary companies	5,144	-	5,144	9,023
Other Donations	11,636	-	11,636	11,490
	<u>16,780</u>	<u>-</u>	<u>16,780</u>	<u>20,513</u>

**Group**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds</b>	<b>Total Funds</b>
			<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other Donations	14,336	-	14,336	14,012
	<u>14,336</u>	<u>-</u>	<u>14,336</u>	<u>14,012</u>

3./

### 3. GRANTS RECEIVED

#### Company

	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
	£	£	£	£
Balmoral Rebuild: HLF Lottery Fund	-	-	-	259,330
Various Councils	-	-	-	2,000
	-	-	-	261,330

#### Group

	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
	£	£	£	£
Glasgow City Council	26,000	-	26,000	26,000
Balmoral Rebuild: HLF Lottery Fund	-	-	-	259,330
Various Councils	-	-	-	2,000
	26,000	-	26,000	287,330

### 4. DIRECT CHARITABLE EXPENDITURE

#### Company

	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
	£	£	£	£
Ship Repairs	208,804	-	208,804	-

#### Group

	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
	£	£	£	£
Wages	770,381	-	770,381	710,723
Ship Repair and Operating Expenses	1,410,225	-	1,410,225	1,125,914
Sales and Marketing Expenses	492,807	-	492,807	487,301
Other Costs	19,549	-	19,549	17,424
	2,692,962	-	2,692,962	2,341,362

5./

5. **MANAGEMENT AND ADMINISTRATION**

**Company**

The costs incurred in the year totalling £1,295 comprise of audit fees (2004 - £1,295).

**Group**

	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
	£	£	£	£
Wages	195,317	-	195,317	191,523
Office Costs	77,165	-	77,165	71,867
Audit and Accountancy Fees	11,728	-	11,728	11,445
	<u>284,210</u>	<u>-</u>	<u>284,210</u>	<u>274,835</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**

	2005	2004
	£	£
Wages and Salaries	878,570	729,548
Social Security Costs	16,922	16,260
External Crew Hire Costs	46,752	141,912
Pension Costs	23,454	14,526
	<u>965,698</u>	<u>902,246</u>

No employee received emoluments in excess of £50,000.

	2005	2004
Average Number of Employees		
Sailing	31	27
Office Staff and Management	9	8
	<u>40</u>	<u>35</u>

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

	2005	2004
Directors Remuneration (including Pension Contributions of £10,369 for four Directors (2004 - £8,050 for four Directors)	161,944	122,664

A director of Waverley Steam Navigation Co Ltd received remuneration of £40,339 (2004 - £38,520) together with payments to a defined benefit pension scheme of £4,227 (2004 - £4,135) from Waverley Excursions Ltd and another director of Waverley Steam Navigation Co Ltd received remuneration of £28,909 (2004 - £25,785) together with payments to a defined benefit pension scheme of £1,260 (2004 - £1,107) from Waverley Excursions (Guernsey) Ltd. No other director of the parent company received any remuneration in respect of their services. A director of Waverley Excursions Limited received remuneration of £41,696 (2004 - 36,652) together with payments to a defined benefit pension scheme of £1,882 (2004 - £1,808) from Waverley Excursions (Guernsey) Limited. Two directors of Waverley Excursions Limited received remuneration of £40,631 (2004 - £13,657) together with payments to a money purchase pension scheme of £3,000 (2004 - £1,000) from that company.

Travel and other expenses totalling £5,026 (2004 - £5,816) were reimbursed to 2 directors of the parent company during the year by Waverley Excursions Limited.

At./



At 31 October 2005 the company had a deficit in contributions to the Merchant Navy Officers Pension Fund totalling £5,578 and the group had a deficit in contributions totalling £67,688. This sum is repayable in annual instalments over the next nine years, subject to the position being reviewed in advance of the third instalment.

## 8. EXPENDITURE IN EXCESS OF INCOME

### Company:

	2005	2004
	£	£
Expenditure in excess of income is stated after charging:-		
Auditors Remuneration:	1,295	1,295
Depreciation - Owned Assets	398,909	398,909
Gain on Disposal of Investment	-	(3,848)

### Group:

	2005	2004
	£	£
Expenditure in excess of income is stated after charging:-		
Auditors Remuneration	11,728	11,445
Depreciation - Owned Assets	402,538	408,270
Operating Lease Payments – Property	10,000	10,000
Gain on Disposal of Investment	-	(3,848)

## 9. TAXATION

### (a) Company

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

### (b) Group

	2005	2004
	£	£
UK Corporation Tax Payable/(Recoverable)	-	(339)

### Factors/

### 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 19% (2004 – 19%). The differences are explained below:

	2005	2004
	£	£
Net group expenditure in excess of income before taxation	(355,837)	(63,094)
Less: Parent company's expenditure in excess of income	(62,720)	155,684
Net Loss of subsidiary companies before taxation	<u>(293,117)</u>	<u>(218,778)</u>
Loss on ordinary activities multiplied by the standard small companies rate of Corporation Tax in the United Kingdom of 19% (2004 – 19%)	(55,692)	(41,568)
Effects of - Expenses non deductible for tax purposes	823	1,598
- Charges on Income	(694)	(977)
- Depreciation in excess of capital allowances	160	1,109
- Losses created in year	55,403	39,838
- Current year losses carried back to prior year	-	(339)
Current Corporation Tax charge for year	<u>-</u>	<u>(339)</u>

### 10. TANGIBLE FIXED ASSETS

#### (a) Group

	Equip- ment For Vessels	Computer Equip- ment	Office Equip- ment	Plant And Equip- ment	Vessels	Total
	£	£	£	£	£	£
<b>Cost</b>						
As at 1st November 2004	57,996	14,626	4,639	1,550	8,673,344	8,752,155
Additions during year	-	349	-	-	-	349
Disposals during year	-	-	-	-	-	-
As at 31st October 2005	<u>57,996</u>	<u>14,975</u>	<u>4,639</u>	<u>1,550</u>	<u>8,673,344</u>	<u>8,752,504</u>
<b>Depreciation</b>						
As at 1st November 2004	56,397	12,293	2,282	1,240	1,423,371	1,495,583
On Disposals	-	-	-	-	-	-
Provided during year	804	2,098	572	155	398,909	402,538
As at 31st October 2005	<u>57,201</u>	<u>14,391</u>	<u>2,854</u>	<u>1,395</u>	<u>1,822,280</u>	<u>1,898,121</u>
<b>Net Book Value</b>						
As at 31st October 2005	<u>795</u>	<u>584</u>	<u>1,785</u>	<u>155</u>	<u>6,851,064</u>	<u>6,854,383</u>
As at 31st October 2004	<u>1,599</u>	<u>2,333</u>	<u>2,357</u>	<u>310</u>	<u>7,249,973</u>	<u>7,256,572</u>

#### (b)/

**(b) Company**

	<b>Vessels</b>
	<b>£</b>
<b>Cost</b>	
As at 1st November 2004	8,673,344
Additions during year	-
Disposals during year	-
	<hr/>
As at 31st October 2005	8,673,344
	<hr/>
<b>Depreciation</b>	
As at 1st November 2004	1,423,371
On Disposals	-
Provided during year	398,909
	<hr/>
As at 31st October 2005	1,822,280
	<hr/>
<b>Net Book Value</b>	
As at 31st October 2005	6,851,064
	<hr/>
As at 31st October 2004	7,249,973
	<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 2005

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**

	2005	2004
	£	£
Shares in Waverley Excursions Limited at Cost	100	100

13./

### 13. DEBTORS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade Debtors	133,800	232,954	-	-
Other Debtors	108,117	69,189	2,115	2,116
Corporation Tax Recoverable	-	339	-	-
Amount owed by Subsidiary Undertaking	-	-	418,191	113,922
	<u>241,917</u>	<u>302,482</u>	<u>420,306</u>	<u>116,038</u>

### 14. CREDITORS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts falling due within one year:-				
Trade Creditors	388,982	323,329	-	-
Social Security and other Taxes	44,171	52,645	-	-
Other Creditors	74,591	43,102	8,795	8,795
	<u>507,744</u>	<u>419,076</u>	<u>8,795</u>	<u>8,795</u>
Amounts falling due after more than one year:-				
Interest Free Loan	16,435	29,391	16,435	23,935

The interest free loan is repayable in annual instalments of £7,500.

### 15. DEFERRED INCOME

Group	£
Balance brought forward at 1 November 2004	16,752
Less: Released to Profit and Loss Account in current year	3,126
	<u>13,626</u>

### 16. SHARE CAPITAL

	2005	2004
<b>Authorised</b>		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, Called Up and Fully Paid</b>		
42 Ordinary Shares of £1 each	<u>42</u>	<u>42</u>

17./

## 17. CAPITAL AND OTHER COMMITMENTS

	2005	2004
Contracted for but not provided for in the accounts	Nil	Nil
Authorised by the Directors but not contracted for	Nil	Nil

## 18. RESTRICTED FUNDS

### Company and Group

	2005	2004
	£	£
Balance brought forward at 1 November 2004	7,042,157	7,165,671
Add: Monies received towards MV. Balmoral engine overhaul	-	261,330
	<hr/>	<hr/>
	7,042,157	7,427,001
Less: Depreciation charge in year	384,844	384,844
	<hr/>	<hr/>
	6,657,313	7,042,157

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

	2005	2004
	£	£
Opening Shareholders' Funds	7,894,154	8,080,423
Deficit for the Financial Year	(740,681)	(186,269)
	<hr/>	<hr/>
Closing Shareholders' Funds	7,153,473	7,894,154

### (b) Company

	2005	2004
	£	£
Opening Shareholders' Funds	8,062,500	8,030,330
(Deficit)/Surplus for the Financial Year	(447,564)	32,170
	<hr/>	<hr/>
Closing Shareholders' Funds	7,614,936	8,062,500

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 2005 the group had annual commitments under operating leases as set out below:

	2005	2004
	£	£
Property Leases which expire:		
Within 1 year	-	-
In years 2 – 5	-	-
In over 5 years	10,000	10,000

21./

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

**a) Group**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Expenditure in Excess of Income Before Tax	(740,681)	(186,608)
Interest Received	(21,211)	(23,581)
Depreciation Charges	402,538	408,270
Gain on Disposal of Investment	-	(3,848)
Decrease/(Increase) in Stock	9,319	(2,429)
Decrease/(Increase) in Debtors	60,226	(3,370)
Increase/(Decrease) in Creditors	87,586	(124,382)
	<u>(202,223)</u>	<u>64,052</u>

**b) Company**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Expenditure in Excess of Income	(447,564)	32,170
Interest Received	(17,172)	(19,782)
Depreciation Charges	398,909	398,909
Gain on Disposal of Investment	-	(3,848)
Increase in Debtors	(304,268)	(83,310)
Decrease in Creditors	-	(68,046)
	<u>(370,095)</u>	<u>256,093</u>

**22. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS**

**a) Group**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Decrease in Cash	(196,022)	(251,487)
Cash Inflow from Debt Repayment	15,000	15,000
	<u>(181,022)</u>	<u>(236,487)</u>
Movement in Net Funds in Year	(181,022)	(236,487)
Net Funds at Start of Year	722,608	959,095
	<u>541,586</u>	<u>722,608</u>

b)/.

**b) Company**

	2005	2004
	£	£
Decrease in Cash	(360,423)	(55,406)
Cash Inflow from Debt Repayment	7,500	7,500
Movement in Net Funds in Year	<u>(352,923)</u>	<u>(47,906)</u>
Net Funds at Start of Year	697,684	745,590
Net Funds at End of Year	<u>344,761</u>	<u>697,684</u>

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

	At 1st November 2004	Cashflow	Non-Cash Charges	At 31 <sup>st</sup> October 2005
	£	£	£	£
Cash at Bank	766,999	(196,022)	-	570,977
Loans Due < 1 year	(15,000)	15,000	(12,956)	(12,956)
Loans Due > 1 year	(29,391)	-	12,956	(16,435)
	<u>722,608</u>	<u>(181,022)</u>	<u>-</u>	<u>541,586</u>

**a) Company**

	£	£	£	£
Cash at Bank	729,119	(360,423)	-	368,696
Loans Due < 1 year	(7,500)	7,500	(7,500)	(7,500)
Loans Due > 1 year	(23,935)	-	7,500	(16,435)
	<u>697,684</u>	<u>(352,923)</u>	<u>-</u>	<u>344,761</u>