

WAVERLEY STEAM NAVIGATION CO. LIMITED

Directors' Report and Accounts
For the year ended 31st October 2015

Company Number – SC050789

Charity Number - SC005832



HENDERSON & COMPANY
CHARTERED ACCOUNTANTS
73 UNION STREET
GREENOCK

WAVERLEY STEAM NAVIGATION CO. LIMITED

Directors

D. Docherty
D.W. Kells
J. 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
DIRECTORS' REPORT

The Directors submit their Report and Accounts of the company and group for the year ended 31st October 2015.

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 in a manner which accurately reflects her unique status. The vessel was built in the late 1940's and it is central to the directors' 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 111,044 passengers (2014 – 120,682) sailing for 103 days (2014 – 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 £247,540 (2014 - £219,640). During the year the winter refit and repair costs on PS. Waverley totalled £448,275 (2014 - £307,014). 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.

2014-2015 was another year where the company continued to establish a strong platform to help it achieve the key objective of maintaining PS. Waverley in operational preservation.

It has been the Board and the Executive's aim to build on the progress that has been made over the last two years to bring financial stability as well as implementing approved business practices. This strong commercial approach will allow the many enthusiasts the opportunity to enjoy Waverley for years to come despite perhaps having to sacrifice some of the established things they enjoyed. We have to move forward and adapt so we can provide the customers with the service levels they expect. This is not always easy when you are operating a ship that is entering its 70th year since it was launched.

The Ruby Anniversary of the acquisition of the ship was celebrated with a number of special events which also helped raise the profile of the ship. The opportunity was taken by WSN to launch an appeal to raise funds for essential work on the ship and a total of £84,767 was received. In addition to this, the PSPS made a grant of £40,000 which has been reflected in this year's accounts. This money, plus a further appeal from the PSPS which raised £35,638, and a donation of £18,000 from the PSPS Scottish Branch, which will be reflected in

next./

next year's accounts have allowed us to carry out some important work on the ship over the last two winters.

City Building and BAE Systems have both carried out work on the ship as part of their community programmes and this has been of enormous assistance. We also have a number of suppliers and specialist firms who have given us preferential rates by way of their contribution.

This work has included – replacement of the main mast, essential work on the main boiler, stripping and repainting the hull, new locking gear, the fitting of new paddle floats, areas of new decking, repainting of the deckhouse and much more. The work will be finished in time for the ship to enter service in the 2016 summer season. Fundraising and support is essential if we are to meet the demands of regulatory authorities and satisfy our customers and we are grateful to all our supporters who through bequests or donations help Waverley.

We entered the winter season for a second year in a strong financial position which has allowed us to plan for the year ahead. This has not always been the case and demonstrates the benefits of the actions we have taken. We have still made a small loss but the objective of the company is to operate efficiently and effectively, to have funds to carry out essential work and to keep Waverley sailing.

We are still only in receipt of Gift Aid on donations, so it leaves a shortfall of about £175k on previous years. We continue to explore alternative sources to replace this sum. Other than a balance in 2015/16 season from one of the Councils, the grants received as intimated last year, have now ceased. We have been grateful for their help and we will remain in dialogue to find other ways that they can help. The lower fuel prices have been something of a counter-balance but we cannot rely on this.

As every year passes, we find our traditional routes have to be adjusted because of the unsuitability of the berths or their unavailability due to maintenance. This means that some popular destinations may have to be changed either permanently or temporarily. The key is always that the routes have to contribute to the business and be economically sound.

The new Board Structure mentioned last year continues to work well and allows the focus to be on the future, and assisting the Executive Team with their many challenges. The meetings take place bi-monthly and among the agenda items, a risk register is discussed at every meeting, and the business and regulatory risks highlighted and any mitigation planned.

At the end of the season, we unfortunately lost the services of Captain Andy O'Brian who was Waverley's Master for almost 10 years. The Board would like to express their gratitude for his professionalism and commitment over that time. We are fortunate that we have not lost his services completely and we are grateful to his new employers for allowing him to take up the position of Director of Safety and Security on a part-time basis. This means that we will be able to call on his expertise. We welcome Ross Cochrane who has been appointed Waverley's Master and will be in charge of the May sailings.

The Board would like to thank the WEL team who continue to work with dedication and enthusiasm sometimes in difficult circumstances, to keep Waverley sailing and look after the customers.

Finally, but definitely not least, a big thank you to the many volunteers who help out all year round with the many tasks that are essential to keep Waverley sailing. We are looking at ways of adding to the present team so the load is spread and we can plan for the future.

Safety

The WSN and WEL Boards recognise that the safe operation of the ship is of paramount importance and considers it essential that there is constant review of all practices impacting on safety and that there is constant vigilance over all aspects of the safety function. The responsibilities of the Ship Management function, including maintaining safety certification, compliance with safety of life at sea and marine pollution prevention rules, as well as compliance in respect of officer and crew certification and qualifications, are clearly separated from the audit function which is responsible for ensuring that all aspects of safety are properly processed.

Regular./

Regular internal reports on safety matters are submitted to the Safety and Operations Directors and a proactive approach is adopted in taking appropriate corrective and preventative action. As part of this proactive approach, emphasis is placed on ongoing risk assessment and specific safety-related training. The safety arrangements within the Company also involve regular reporting to the Board, thereby providing appropriate assurance with regard to all safety aspects of the Company's operations.

Reserve Policy

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

Investment Policy

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

Statement on Risk

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

The plan focused the directors on the need to maintain 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 65.38% shareholding in the company. Donations towards specific preservation projects undertaken by the company are received from the Paddle Steamer Preservation Society as decided by the trustees of that charity.

Directors and their Interests

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

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

All company decisions are made by the Board of Directors.

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

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

The following Directors are to retire from the Board in accordance with the Articles of Association, and being eligible, offer themselves for re-election:- P. Semple, D.W. Kells and I.G. Shankland.

Director./

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 Waverley.

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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

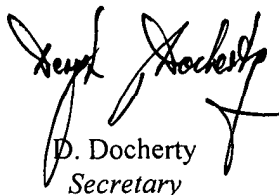
Statement as to Disclosure of Information to Auditors

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

Auditors

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

BY ORDER OF THE BOARD



D. Docherty
Secretary

Waverley Terminal,
36 Lancefield Quay,
Glasgow
G3 8HA

23rd June 2016

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 2015 on pages 8 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 Chapter 3 of Part 16 of the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 and express an opinion on the financial statements in accordance with applicable law 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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the reports and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any 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 2015 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;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on Other Matter Prescribed by the Companies Act 2006

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

Matters

Matters on Which we are Required to Report by Exception

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

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



John Henderson (Senior Statutory Auditor)

For and on behalf of Henderson & Company

Eligible to act as auditor in terms of Section 1212 of the Companies Act 2006

Statutory Auditor

73 Union Street

Greenock

PA16 8BG

14th July 2016

WAVERLEY STEAM NAVIGATION CO. LIMITED
PARENT COMPANY INCOME AND EXPENDITURE ACCOUNT (INCLUDING STATEMENT OF
FINANCIAL ACTIVITIES) FOR THE YEAR ENDED 31ST OCTOBER 2015

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
Donations and Similar Income	2	242,389	-	242,389	159,660
Grants Received	3	70,000	115,000	185,000	200,000
Incoming Resources from operating activities in furtherance of charitable objectives :	6				
Sailing Revenue		1,394,611	-	1,394,611	1,463,414
Charter Fees		37,500	-	37,500	57,000
Catering & Shop Rental		59,058	-	59,058	59,286
Other Income		-	-	-	14,250
Bank & Loan Interest Received		620	-	620	899
Total Income for the Year		1,804,178	115,000	1,919,178	1,954,509
Resources Expended					
Management and Administration	5	11,250	-	11,250	22,125
Other Costs		1,593,712	115,000	1,708,712	1,812,032
Depreciation Charges		8,517	293,262	301,779	301,779
Total Expenditure for the Year		1,613,479	408,262	2,021,741	2,135,936
Expenditure in excess of Income in Year	8	190,699	(293,262)	(102,563)	(181,427)
Balance Brought Forward at 31 October 2014		595,291	3,354,119	3,949,410	4,130,837
Balance Carried Forward at 31 October 2015		785,990	3,060,857	3,846,847	3,949,410

Continuing Operations

None of the Company's operations were acquired or discontinued during the years ended 31st October 2015 and 2014.

Total Recognised Gains and Losses

The Company has no recognised gains or losses other than as shown above for the years ended 31st October 2015 and 2014.

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT (INCLUDING STATEMENT OF
FINANCIAL ACTIVITIES) FOR THE YEAR ENDED 31ST OCTOBER 2015

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2015	Total Funds 2014
		£	£	£	£
Donations and Similar Income	2	242,389	-	242,389	159,660
Grants Received	3	85,000	115,000	200,000	230,000
Trading Operations:	6				
Sailing Revenue		1,453,692	-	1,453,692	1,537,654
Bar and Catering Revenue		445,368	-	445,368	451,555
Shop Sales		85,439	-	85,439	93,547
Other Income		1,650	-	1,650	34,911
Bank Interest Received		882	-	882	299
Total Income for the Year		2,314,420	115,000	2,429,420	2,507,626
Resources Expended					
Bar and Catering Expenses		110,253	-	110,253	121,205
Shop Expenses		30,829	-	30,829	29,597
Direct Charitable Expenditure	4	1,549,139	115,000	1,664,139	1,784,599
Management and Administration	5	367,209	-	367,209	343,037
Depreciation Charges		9,450	293,262	302,712	302,810
Total Expenditure		2,066,880	408,262	2,475,142	2,581,248
Expenditure in Excess of Income in Year	8	247,540	(293,262)	(45,722)	(73,622)
Balance Brought Forward at 31 October 2014		280,492	3,354,119	3,634,611	3,708,233
Balance Carried Forward at 31 October 2015		528,032	3,060,857	3,588,889	3,634,611

Continuing Operations

None of the Group's operations were acquired or discontinued during the years ended 31st October 2015 and 2014.

Total Recognised Gains and Losses

The Group has no recognised gains or losses other than as shown above for the years ended 31st October 2015 and 2014.

WAVERLEY STEAM NAVIGATION CO. LIMITED
PARENT COMPANY BALANCE SHEET
AS AT 31ST OCTOBER 2015

	2015	2014	Note
	£	£	
FIXED ASSETS			
Tangible Assets	3,131,696	3,433,475	10
Investment in Subsidiary	100	100	11
	<hr/>	<hr/>	
	3,131,796	3,433,575	
CURRENT ASSETS			
Debtors	359,328	579,149	12
Cash at Bank	501,695	149,123	
	<hr/>	<hr/>	
	861,023	728,272	
CREDITORS:			
Amounts falling due within one year	28,688	95,153	13
	<hr/>	<hr/>	
NET CURRENT ASSETS	832,335	633,119	
	<hr/>	<hr/>	
TOTAL ASSETS LESS CURRENT LIABILITIES	3,964,131	4,066,694	
CREDITORS:			
Amounts falling due after more than one year	117,201	117,201	13
	<hr/>	<hr/>	
	3,846,930	3,949,493	
	<hr/>	<hr/>	
Represented by:			
CAPITAL AND RESERVES			
Called Up Share Capital	78	78	14
Capital Redemption Reserve	5	5	
Unrestricted Reserves	785,990	595,291	
Restricted Reserves	3,060,857	3,354,119	16
	<hr/>	<hr/>	
Shareholders' Funds	3,846,930	3,949,493	17
	<hr/>	<hr/>	

These financial statements were approved by the Board of Directors on 23rd June 2016 and were signed on its behalf by:



W.L. Sinclair
Director

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER 2015

	2015	2014	Note
	£	£	
FIXED ASSETS			
Tangible Assets	3,134,904	3,437,616	10
CURRENT ASSETS			
Stocks	8,440	14,145	
Debtors	64,198	177,947	12
Cash at Bank and on Hand	973,264	648,983	
	1,045,902	841,075	
CREDITORS:			
Amounts falling due within one year	474,633	526,796	13
NET CURRENT ASSETS	571,269	314,279	
TOTAL ASSETS LESS CURRENT LIABILITIES	3,706,173	3,751,895	
CREDITORS:			
Amounts falling due after more than one year	117,201	117,201	13
	3,588,972	3,634,694	
CAPITAL AND RESERVES			
Called Up Share Capital	78	78	14
Capital Redemption Reserve	5	5	
Unrestricted Reserves	528,032	280,492	
Restricted Reserves	3,060,857	3,354,119	16
Shareholders' Funds	3,588,972	3,634,694	17

These financial statements were approved by the Board of Directors on 23rd June 2016 and were signed on its behalf by:



W.L.Sinclair
Director

WAVERLEY STEAM NAVIGATION CO. LIMITED
PARENT COMPANY CASHFLOW STATEMENT FOR THE YEAR ENDED
31ST OCTOBER 2015

	2015	2014	Note
	£	£	
Net Cash Inflow/(Outflow) from Ordinary Activities	351,952	(50,713)	18
Returns on Investment and Servicing of Finance			
Interest Received	620	899	
Interest Paid	-	-	
	620	899	
Net Cash Outflow before use of Liquid Resources	352,572	(49,814)	
Financing			
Loans Repaid in Year	-	(8,935)	
Increase/(Decrease) in Cash in year	352,572	(58,749)	

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED
31ST OCTOBER 2015

	2015	2014	Note
	£	£	
Net Cash Inflow from Ordinary Activities	323,399	215,875	18
Returns on Investment and Servicing of Finance			
Interest Received	882	299	
Interest Paid	-	-	
	882	299	
Capital Expenditure and Financial Investment			
Purchase of Tangible Fixed Assets	-	(926)	
Net Cash Inflow before use of Liquid Resources	324,281	215,248	
Financing			
Loans Repaid in Year	-	(8,935)	
Increase in Cash in year	324,281	206,313	

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
NOTES TO THE ACCOUNTS AS AT 31ST OCTOBER 2015

1. ACCOUNTING POLICIES

(a) Accounting Convention

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

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

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

(b) Consolidation

The company accounts provide information about the parent company and not about the group.

The group accounts consolidate the accounts of the parent company and all subsidiaries for the year ended 31 October 2015.

(c) Donations, Legacies and Similar Incoming Resources

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

(d) Grants Receivable

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

(e) Depreciation

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

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

P.S. Waverley rebuild expenditure capitalised is being written off over a twenty-five year period.

The other vessel will continue to be written off over a ten year period.

(f) Stocks

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

(g)./

(g) Pension Costs

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

(h) Deferred Taxation

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

(i) Leasing and Hire Purchase

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

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

(j) Funds

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

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

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

(k) Expenditure

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

2. DONATIONS AND SIMILAR INCOME

Company

	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
			2015	2014
	£	£	£	£
Donations and Legacies	242,389	-	242,389	159,660

Group

	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
			2015	2014
	£	£	£	£
Other Donations	242,389	-	242,389	159,660

3./

3. GRANTS RECEIVED

Company

	Unrestricted Funds	Restricted Funds	Total Funds 2015	Total Funds 2014
	£	£	£	£
P.S.P.S.	-	115,000	115,000	150,000
Inverclyde Council	10,000	-	10,000	15,000
Argyll and Bute Council	10,000	-	10,000	15,000
North Ayrshire Council	15,000	-	15,000	20,000
South Ayrshire Council	35,000	-	35,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	70,000	115,000	185,000	200,000

Group

	Unrestricted Funds	Restricted Funds	Total Funds 2015	Total Funds 2014
	£	£	£	£
P.S.P.S.	-	115,000	115,000	150,000
Glasgow City Council	15,000	-	15,000	30,000
Inverclyde Council	10,000	-	10,000	15,000
Argyll and Bute Council	10,000	-	10,000	15,000
North Ayrshire Council	15,000	-	15,000	20,000
South Ayrshire Council	35,000	-	35,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	85,000	115,000	200,000	230,000

4. DIRECT CHARITABLE EXPENDITURE

Group

	Unrestricted Funds	Restricted Funds	Total Funds 2015	Total Funds 2014
	£	£	£	£
Wages	506,190	-	506,190	590,040
Ship Repair and Operating Expenses	820,701	115,000	935,701	939,617
Sales and Marketing Expenses	196,189	-	196,189	235,249
Other Costs	26,059	-	26,059	19,693
	<hr/>	<hr/>	<hr/>	<hr/>
	1,549,139	115,000	1,664,139	1,784,599

5. MANAGEMENT AND ADMINISTRATION

Company

The costs incurred in the year total £11,250 (2014 - £22,125).

Group

	Unrestricted Funds	Restricted Funds	Total Funds 2015	Total Funds 2014
	£	£	£	£
Wages	260,400	-	260,400	241,373
Office Costs	82,709	-	82,709	71,664
Professional Fees	24,100	-	24,100	30,000
	<hr/>	<hr/>	<hr/>	<hr/>
	367,209	-	367,209	343,037

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

	2015	2014
	£	£
Wages and Salaries	669,042	612,925
Social Security Costs	25,764	44,511
External Crew Hire Costs	28,913	39,020
Pension Costs	42,871	134,957
	<u>766,590</u>	<u>831,413</u>

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

	2015	2014
Average Number of Employees		
Sailing	19	17
Office Staff and Management	8	8
	<u>27</u>	<u>25</u>

Directors Remuneration

Two directors of Waverley Steam Navigation Co Ltd received remuneration totalling £24,000 (2014 - £18,000) from Waverley Excursions Ltd. No other director of the parent company received any remuneration in respect of their services. One director of Waverley Excursions Limited received remuneration of £53,000 (2014 - £52,000) together with payments to a money purchase pension scheme of £3,000 (2014 - £3,000) from that company.

Travel and other expenses totalling £3,222 (2014 - £3,091) were repaid to directors of the company during the year.

At 31 October 2015 the group's share of the deficit in contributions to the Merchant Navy Officers Pension Fund was £146,184. 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:

	2015	2014
	£	£
Expenditure in excess of income is stated after charging:-		
Auditors Remuneration:	1,350	1,350
Depreciation – Owned Assets	301,779	301,779

Group:

	2015	2014
	£	£
Expenditure in excess of income is stated after charging:-		
Auditors Remuneration –	6,200	6,225
Depreciation – Owned Assets	302,712	302,810

9./

9. TAXATION

(a) Company

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

(b) Group

	2015	2014
	£	£
Corporation Tax (Re)/Payable	-	-

Factors affecting Tax Charge for the Year

The Corporation Tax assessed for the year is different from the standard small companies rate of Corporation Tax in the United Kingdom of 20% (2014 – 20%). The differences are explained below:

	2015	2014
	£	£
Net group expenditure in excess of income before taxation	(45,722)	(73,622)
Less: Parent company's expenditure in excess of income	(102,563)	(181,427)
Net Profit of subsidiary companies before taxation	56,841	107,805
Profit on ordinary activities multiplied by the standard small companies rate of Corporation Tax in the United Kingdom of 20% (2014 – 20%)	11,368	21,561
Effects of - Expenses non deductible for tax purposes	(1,737)	1,292
- Charges on Income	(52)	(44)
- Depreciation in excess of capital allowances	141	
- Capital allowances in excess of depreciation	-	(34)
- Losses utilised in year	(9,720)	(22,775)
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 2014	61,846	19,832	7,343	1,550	8,673,344	8,763,915
Additions during year	-	-	-	-	-	-
Disposals during year	-	-	-	-	(1,128,871)	(1,128,871)
As at 31st October 2015	61,846	19,832	7,343	1,550	7,544,473	7,635,044
Depreciation						
As at 1st November 2014	59,151	18,981	6,748	1,550	5,239,869	5,326,299
On Disposals	-	-	-	-	(1,128,871)	(1,128,871)
Provided during year	385	241	307	-	301,779	302,712
As at 31st October 2015	59,536	19,222	7,055	1,550	4,412,777	4,500,140
Net Book Value						
As at 31st October 2015	2,310	610	288	-	3,131,696	3,134,904
As at 31st October 2014	2,695	851	595	-	3,433,475	3,437,616

(b)/.

(b) Company

	Vessels
	£
Cost	
As at 1st November 2014	8,673,344
Additions during year	-
Disposals during year	(1,128,871)
	<hr/>
As at 31st October 2015	7,544,473
	<hr/>
Depreciation	
As at 1st November 2014	5,239,869
On Disposals	1,128,871
Provided during year	301,779
	<hr/>
As at 31st October 2015	4,412,777
	<hr/>
Net Book Value	
As at 31st October 2015	3,131,696
	<hr/>
As at 31st October 2014	3,433,475
	<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 has a charge on P.S. "Waverley" securing a total sum of £695,835.

11. INVESTMENTS**(a) Group**

Subsidiary Undertakings at 31 October 2015

Name of Company	Incorporated and Registered in	Nature of Business	Proportion Owned
Waverley Excursions Ltd	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 Ltd. Waverley Excursions Ltd had two wholly owned subsidiaries, Timecrest Ltd and Waverley Excursions Guernsey Ltd. Both of these companies were subject to a voluntary liquidations during the current year and both companies were struck off after all liabilities had been settled.

Waverley Excursions Ltd 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**

	2015	2014
	£	£
Shares in Waverley Excursions Limited at Cost	100	100

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12. DEBTORS

	Group		Company	
	2015	2014	2015	2014
		£	£	£
Trade Debtors	40,988	40,055	-	-
Other Debtors	23,210	137,892	13,731	115,701
Amount owed by Subsidiary Undertaking	-	-	345,597	463,448
	<u>64,198</u>	<u>177,947</u>	<u>359,328</u>	<u>579,149</u>

13. CREDITORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due within one year:-				
P.S.P.S.	10,443	91,908	10,443	91,908
Trade Creditors	315,928	334,756	-	-
Social Security and other Taxes	49,216	33,935	-	-
Other Creditors	99,046	66,197	18,245	3,245
	<u>474,633</u>	<u>526,796</u>	<u>28,688</u>	<u>95,153</u>
Amounts falling due in more than one year:-				
P.S.P.S. Loan	117,201	117,201	117,201	117,201

14. SHARE CAPITAL

	2015	2014
Allotted, Called Up and Fully Paid		
78 Ordinary Shares of £1 each	<u>78</u>	<u>78</u>

15. CAPITAL AND OTHER COMMITMENTS

	2015	2014
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	2015	2014
	£	£
Balance brought forward at 1 November 2014	3,354,119	3,647,381
Add: Received during the year	115,000	150,000
	<u>3,469,119</u>	<u>3,797,381</u>
Less: Depreciation charge in year	(293,262)	(293,262)
Specific restoration work carried out	(115,000)	(150,000)
	<u>3,060,857</u>	<u>3,354,119</u>

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

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17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

(a) Group

	2015	2014
	£	£
Opening Shareholders' Funds	3,634,694	3,708,316
Deficit for the Financial Year	(45,722)	(73,622)
	<hr/>	<hr/>
Closing Shareholders' Funds	3,588,972	3,634,694

(b) Company

	2015	2014
	£	£
Opening Shareholders' Funds	3,949,493	4,130,920
Deficit for the Financial Year	(102,563)	(181,427)
	<hr/>	<hr/>
Closing Shareholders' Funds	3,846,930	3,949,493

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

(a) Group

	2015	2014
	£	£
Expenditure in Excess of Income Before Tax	(45,722)	(73,622)
Interest Received	(882)	(299)
Depreciation Charges	302,712	302,810
Decrease in Stock	5,705	1,887
Decrease in Debtors	113,749	64,102
Decrease in Creditors	(52,163)	(79,003)
	<hr/>	<hr/>
	323,399	215,875

(b) Company

	2015	2014
	£	£
Expenditure in Excess of Income	(102,563)	(181,427)
Interest Received	(620)	(899)
Depreciation Charges	301,779	301,779
Decrease in Creditors	(66,465)	(77,136)
Decrease/(Increase) in Debtors	219,821	(93,030)
	<hr/>	<hr/>
	351,952	(50,713)

19./

19. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

(a) Group

	2015	2014
	£	£
Increase in Cash	324,281	206,313
Cash Inflow from Debt Repayment	-	8,935
	<hr/>	<hr/>
Movement in Net Funds in Year	324,281	215,248
Net Funds at Start of Year	648,983	433,735
	<hr/>	<hr/>
Net Funds at End of Year	973,264	648,983
	<hr/>	<hr/>

(b) Company

	2015	2014
	£	£
Increase/(Decrease) in Cash	352,572	(58,749)
Cash Inflow from Debt Repayment	-	8,935
	<hr/>	<hr/>
Movement in Net Funds in Year	352,572	(49,814)
Net Funds at Start of Year	149,123	198,937
	<hr/>	<hr/>
Net Funds at End of Year	501,695	149,123
	<hr/>	<hr/>

20. ANALYSIS OF NET FUNDS

a) Group

	At 1st November 2014	Cashflow	Non-Cash Charges	At 31st October 2015
	£	£	£	£
Cash at Bank	648,983	324,281	-	973,264
	<hr/>	<hr/>	<hr/>	<hr/>

b) Company

	£	£	£	£
Cash at Bank	149,123	352,572	-	501,695
	<hr/>	<hr/>	<hr/>	<hr/>

21. RELATED PARTY TRANSACTIONS

The Paddle Steamer Preservation Society holds a majority shareholding in the company. During the year the company received grant funding of £115,000 (2014 - £150,000) from the Paddle Steamer Preservation Society. At 31 October 2015 the company owed the Paddle Steamer Preservation Society £127,644 (2014 - £209,109).