

WAVERLEY STEAM NAVIGATION CO. LIMITED

Directors' Report and Accounts
For the year ended 31st October 2013

Company Number – SC050789

Charity Number - SC005832

HENDERSON & COMPANY

CHARTERED ACCOUNTANTS
73 UNION STREET
GREENOCK

THURSDAY



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31/07/2014

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COMPANIES HOUSE

WAVERLEY STEAM NAVIGATION CO. LIMITED

Directors

D. Docherty
N. James
D.W. Kells
I. McLeod
J.M. Paterson
I. Ramsay
P.M. Reid
P. Semple
I.G. Shankland
J.T. Sylvester

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 2013.

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 its unique status. The vessel was built in the late 1940's and it is central to the directors' vision that it should be preserved in a way which allows passengers :

- to appreciate fully the features of the ship's design which distinguish it from vessels built more recently;
- to be educated in the heritage of a coastal day excursion ship;
- 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 124,517 passengers (2012 – 110,514) sailing for 111 days (2012 – 111 days).

The consolidated statement of financial activities incorporating the income and expenditure account brings out a deficit for the year on unrestricted funds of £107,928 (2012 – £223,141 surplus). During this year the winter refit and repair costs on PS. Waverley totalled £347,002 (2012 - £326,001) Restricted funds, which comprise funding received towards capital projects less associated annual costs and depreciation charges were reduced by £326,024 this year. This reduction relates entirely to annual depreciation charges.

2013 was a year of further recovery after the difficult recent years. A decision was taken after long consideration to take the Balmoral out of service for the 2013 season as a result of increasing losses. The ship was moored in Bristol while a working party considered the potential options for its future. WSN has worked with the group to help facilitate the best outcome for the company and the ship.

Waverley has traditionally sailed a largely unchanged schedule over the years with any alterations being driven by pier closures and other factors outwith the company's control. It has always been the company's objective to give as many people as possible the opportunity to see the Waverley in operation but this was reviewed against financial imperatives so a new programme could be put in place for 2014.

The Clyde season was blessed with good weather although a number of sailings were lost due to poor weather conditions or operational problems. In the year, we lost 14 days against 7 days in 2012.

Other options and changing leisure trends will continue to be a challenge as the company tries to develop new markets. There is a very loyal and generally supportive customer base but we have to look outside that for new customers and new revenue streams.

Operationally./

Operationally, the company has placed less reliance on outsourcing and the use of consultants. It was decided that the company should work with specialists within the company thereby making the best use of resources.

Fundraising, which is a key part of Waverley's continued operation, was reviewed and a decision taken not to extend the present Friends of Waverley scheme. Efforts were made during the year to boost membership but the critical mass was not achieved and the costs of the scheme meant that the net impact was borderline. It was decided to continue with a corporate scheme which allows individuals or companies to give from £1,000 upto £10,000 in return for a series of benefits. The original "Commodore" scheme has been modified and reintroduced.

We have continued support from the Paddle Steamer Preservation Society and they gave financial assistance of £75,000 towards the winter refit in 2013/14 (£150,000 – 2012/13). We are grateful for the support we receive from them and their membership who are regular passengers on Waverley. There has been much improved communication over the last year and this has led to a clearer understanding of the challenges that are faced.

We were very fortunate to have a major donor over the last two winters and without that individual, survival would have been impossible. We will be forever grateful and although the individual has now opted to assist other worthy causes, it is a sign of the company's strong position that we enter the winter of 2013/14 without the threat of closure.

A co-ordinated plan to gain continued support from the Local Authorities was put into place so that there was some future certainty. We used the Economic Impact Assessment and this gave the authorities a clearer picture of the financial benefits Waverley brings to their areas. We have received support from Glasgow City Council, Inverclyde, Argyll and Bute, Ayrshire North and Ayrshire South.

WSN and WEL have not been exempt from the problems with pension funds. The Merchant Navy Officers Pension Fund (MNOFF) have raised deficit and section 75 assessments, resulting in payments of £160,376 between last year and the current financial year. The next revaluation is in 2015. This is a significant on-cost for a company our size and one that had not been previously carried.

We are in continuing discussions with HMRC over the way we operate and we are hopeful this will be resolved before the end of 2014. Everyone is working to establish the best way forward.

The WSN board has lost two of its long serving members during the winter. Ian Macleod and Ian Ramsey have both resigned after many years serving the company on the board. The company would once again like to express its gratitude.

While appreciating the need for two companies (WSN and WEL), because of their separate roles, efforts have been made to ensure a closer working relationship which has already seen benefits by avoiding duplication of effort.

The company has always relied on the people who volunteer to assist the Waverley. This takes many forms and it would be impossible to replace the time, the skills and the sheer effort that people contribute. We are very grateful and one of the areas we intend to develop during the coming year, is a more co-ordinated volunteer policy. This will allow us to identify skills that are needed and engage with existing and new volunteers. This is a key area for the company to strengthen.

As always, the directors are conscious of the commitment and loyalty of staff, both ashore and afloat, without whose dedication and expertise the operation of Waverley would be impossible.

2014 will be a year of further consolidation, placing the company in a position to continue the improved performance. A new schedule will save money and reduce loss-making days. Other plans include an increase in support from the business sector, as well as an increase in revenue from the new website, new advertising styles, an improved on-board offering and a continued focus on customer satisfaction.

WSN./

WSN and WEL have to adapt and need to highlight Waverley to a new and wider audience so they can see this remarkable historic ship in its operational glory.

Reserve Policy

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

Investment Policy

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

Statement on Risk

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

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

Fixed Assets

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

Related Parties

The Paddle Steamer Preservation Society, a charity registered in England, is a related party by virtue of its 64.56% 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 to the date of this report were :-

M. Allen (resigned 20.02.13)
D. Docherty (appointed 31.10.13)
F.G. Hogg (resigned 16.11.12)
N. James
D.W. Kells (appointed 12.11.12)
I. McLeod (resigned 01.11.13)
J. McMillan (appointed 19.06.14)
J.H. Megoran (appointed 19.06.14)
J.M. Paterson
I Ramsay (resigned 28.03.14)
G. Reid (resigned 09.10.13)
P.M. Reid
P. Semple
I.G. Shankland (appointed 20.04.13)
W.L. Sinclair (appointed 19.06.14)
J.T. Sylvester (appointed 20.04.13 and resigned 10.06.14)
G. Taylor (appointed 19.06.14)

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

The appointments of D. Docherty, W.L. Sinclair, G. Taylor, J.H. Megoran and J. McMillan will also be confirmed at the Annual General Meeting.

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 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./

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.

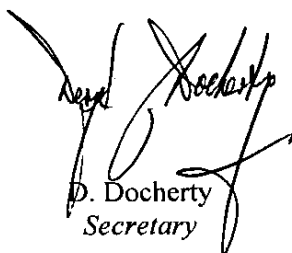
Statement as to Disclosure of Information to Auditors

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

25th July 2014

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 2013 on pages 9 to 24. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the 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 2013 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).

Emphasis of Matter

We draw attention to notes 1 and 21 to the financial statements which describes the uncertainty related to the outcome of an ongoing H.M. Revenue and Customs review into the company's operation of Gift Aid. The going concern basis is dependent on a successful outcome to the ongoing negotiations with H.M. Revenue and Customs and the group securing sufficient levels of external funding to underpin its operations. Our opinion is not qualified in respect of this matter.

Opinion./

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 on Which we are Required to Report by Exception

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

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



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

25th July 2014

WAVERLEY STEAM NAVIGATION CO. LIMITED
PARENT COMPANY INCOME AND EXPENDITURE ACCOUNT (INCLUDING STATEMENT OF
FINANCIAL ACTIVITIES) FOR THE YEAR ENDED 31ST OCTOBER 2013

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2013	Total Funds 2012
		£	£	£	£
Donations and Similar Income	2	169,604	-	169,604	647,075
Grants Received	3	40,000	-	40,000	250,000
Incoming Resources from operating activities in furtherance of charitable objectives :	6				
Sailing Revenue		1,642,223	-	1,642,223	1,880,112
Charter Fees		24,000	-	24,000	55,250
Catering & Shop Rental		59,903	-	59,903	73,370
Other Income		25,800	-	25,800	10,000
Bank & Loan Interest Received		5,289	-	5,289	9,016
Total Income for the Year		1,966,819	-	1,966,819	2,924,823
Resources Expended					
Management and Administration	5	20,847	-	20,847	1,800
Other Costs		2,113,628	-	2,113,628	2,787,536
Depreciation Charges		8,517	326,024	334,541	393,363
Total Expenditure for the Year		2,142,992	326,024	2,469,016	3,182,699
Expenditure in excess of Income in Year	8	(176,173)	(326,024)	(502,197)	(257,876)
Balance Brought Forward		835,077	3,973,405	4,808,482	5,066,358
Balance Carried Forward		658,904	3,647,381	4,306,285	4,808,482

Continuing Operations

None of the Company's operations were acquired or discontinued during the years ended 31st October 2013 and 2012. As referred to in the directors' report MV Balmoral did not operate during the current year.

Total Recognised Gains and Losses

The Company has no recognised gains or losses other than as shown above for the years ended 31st October 2013 and 2012.

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT (INCLUDING STATEMENT OF
FINANCIAL ACTIVITIES) FOR THE YEAR ENDED 31ST OCTOBER 2013

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2013	Total Funds 2012
		£	£	£	£
Donations and Similar Income	2	169,604	-	169,604	647,075
Grants Received	3	90,000	-	90,000	300,000
Trading Operations:	6				
Sailing Revenue		1,672,468	-	1,672,468	1,965,807
Bar and Catering Revenue		476,154	-	476,154	495,277
Shop Sales		89,456	-	89,456	91,660
Other Income		32,903	-	32,903	10,367
Bank Interest Received		822	-	822	802
Total Income for the Year		2,531,407	-	2,531,407	3,510,988
Resources Expended					
Bar and Catering Expenses		203,408	-	203,408	229,381
Shop Expenses		42,148	-	42,148	41,573
Direct Charitable Expenditure	4	2,052,500	-	2,052,500	2,713,897
Management and Administration	5	331,763	-	331,763	293,306
Depreciation Charges		9,516	326,024	335,540	394,534
Total Expenditure		2,639,335	326,024	2,965,359	3,672,691
Expenditure in Excess of Income in Year	8	(107,928)	(326,024)	(433,952)	(161,703)
Balance Brought Forward		344,228	3,973,405	4,317,633	4,479,336
Balance Carried Forward		236,300	3,647,381	3,883,681	4,317,633

Continuing Operations

None of the Group's operations were acquired or discontinued during the years ended 31st October 2013 and 2012. As referred to in the directors' report MV Balmoral did not operate during the current year.

Total Recognised Gains and Losses

The Group has no recognised gains or losses other than as shown above for the years ended 31st October 2013 and 2012.

WAVERLEY STEAM NAVIGATION CO. LIMITED
PARENT COMPANY BALANCE SHEET
AS AT 31ST OCTOBER 2013

	2013	2012	Note
	£	£	
FIXED ASSETS			
Tangible Assets	3,735,254	4,069,795	10
Investment in Subsidiary	100	100	11
	<u>3,735,354</u>	<u>4,069,895</u>	
CURRENT ASSETS			
Debtors	661,567	526,284	12
Cash at Bank	207,872	362,396	
	<u>869,439</u>	<u>888,680</u>	
CREDITORS:			
Amounts falling due within one year	31,224	32,809	13
	<u>838,215</u>	<u>855,871</u>	
NET CURRENT ASSETS			
	<u>4,573,569</u>	<u>4,925,766</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS:			
Amounts falling due after more than one year	267,201	117,201	13
	<u>4,306,368</u>	<u>4,808,565</u>	
 Represented by:			
CAPITAL AND RESERVES			
Called Up Share Capital	79	83	14
Capital Redemption Reserve	4	-	
Unrestricted Reserves	658,904	835,077	
Restricted Reserves	3,647,381	3,973,405	16
	<u>4,306,368</u>	<u>4,808,565</u>	
Shareholders' Funds			17

These financial statements were approved by the Board of Directors on 25th July 2014 and were signed on its behalf by:



N. James
Director

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER 2013

	2013	2012	Note
	£	£	
FIXED ASSETS			
Tangible Assets	3,739,500	4,075,040	10
CURRENT ASSETS			
Stocks	16,032	32,295	
Debtors	417,497	416,290	12
Cash at Bank and on Hand	442,670	416,237	
	876,199	864,822	
CREDITORS:			
Amounts falling due within one year	464,734	504,945	13
NET CURRENT ASSETS	411,465	359,877	
TOTAL ASSETS LESS CURRENT LIABILITIES	4,150,965	4,434,917	
CREDITORS:			
Amounts falling due after more than one year	267,201	117,201	13
	3,883,764	4,317,716	
CAPITAL AND RESERVES			
Called Up Share Capital	79	83	14
Capital Redemption Reserve	4	-	
Unrestricted Reserves	236,300	344,228	
Restricted Reserves	3,647,381	3,973,405	16
Shareholders' Funds	3,883,764	4,317,716	17

These financial statements were approved by the Board of Directors on 25th July 2014 and were signed on its behalf by:



N. James
Director

WAVERLEY STEAM NAVIGATION CO. LIMITED
PARENT COMPANY CASHFLOW STATEMENT FOR THE YEAR ENDED
31ST OCTOBER 2013

	2013	2012	Note
	£	£	
Net Cash Outflow from Ordinary Activities	(159,813)	(13,965)	18
Returns on Investment and Servicing of Finance			
Interest Received	5,289	9,016	
Interest Paid	-	-	
	5,289	9,016	
Decrease in Cash in the year	(154,524)	(4,949)	

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED
31ST OCTOBER 2013

	2013	2012	Note
	£	£	
Net Cash Inflow/(Outflow) from Ordinary Activities	25,611	(21,948)	18
Returns on Investment and Servicing of Finance			
Interest Received	822	802	
Interest Paid	-	-	
	822	802	
Capital Expenditure and Financial Investment			
Purchase of Tangible Fixed Assets	-	(4,852)	
Increase/(Decrease) in Cash in the year	26,433	(25,998)	

WAVERLEY STEAM NAVIGATION CO. LIMITED & SUBSIDIARY UNDERTAKINGS
NOTES TO THE ACCOUNTS AS AT 31ST OCTOBER 2013

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. During the year ended 31 October 2013 H.M. Revenue and Customs conducted a review of the operation of Gift Aid by the company for the first time and there are ongoing negotiations with them regarding the eligibility of certain payments received since 2008. Based on the information which the directors have received from their professional advisers they are confident of a satisfactory outcome to these negotiations. However, an unsuccessful outcome to these negotiations would cast doubt on the group's ability to continue to operate as a going concern. 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 three year funding commitments.

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 restore 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 2013.

(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)/

(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 Fund. This fund is a multi-employer defined benefit pension fund but as the company is unable to identify its share of underlying assets and liabilities in the fund on a consistent and reasonable basis, the company accounts for the contributions to fund as though it was a defined contribution fund, and the charge for the year represents the contributions made to the fund 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
			2013	2012
	£	£	£	£
Donations and Legacies	169,604	-	169,604	647,075

Group

	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
			2013	2012
	£	£	£	£
Other Donations	169,604	-	169,604	647,075

3. GRANTS RECEIVED

Company

	Unrestricted Funds	Restricted Funds	Total Funds 2013	Total Funds 2012
	£	£	£	£
P.S.P.S.	-	-	-	250,000
Inverclyde Council	20,000	-	20,000	-
Argyll and Bute Council	20,000	-	20,000	-
	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>250,000</u>

Group

	Unrestricted Funds	Restricted Funds	Total Funds 2013	Total Funds 2012
	£	£	£	£
P.S.P.S.	-	-	-	250,000
Glasgow City Council	50,000	-	50,000	50,000
Inverclyde Council	20,000	-	20,000	-
Argyll and Bute Council	20,000	-	20,000	-
	<u>90,000</u>	<u>-</u>	<u>90,000</u>	<u>300,000</u>

4. DIRECT CHARITABLE EXPENDITURE

Group

	Unrestricted Funds	Restricted Funds	Total Funds 2013	Total Funds 2012
	£	£	£	£
Wages	593,446	-	593,446	834,012
Ship Repair and Operating Expenses	1,163,091	-	1,163,091	1,442,493
Sales and Marketing Expenses	270,615	-	270,615	426,220
Other Costs	25,348	-	25,348	11,172
	<u>2,052,500</u>	<u>-</u>	<u>2,052,500</u>	<u>2,713,897</u>

5. MANAGEMENT AND ADMINISTRATION

Company

The costs incurred in the year total £20,847 (2012 - £1,800).

Group

	Unrestricted Funds	Restricted Funds	Total Funds 2013	Total Funds 2012
	£	£	£	£
Wages	231,404	-	231,404	199,886
Office Costs	69,672	-	69,672	83,920
Professional Fees	30,687	-	30,687	9,500
	<u>331,763</u>	<u>-</u>	<u>331,763</u>	<u>293,306</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

	2013	2012
	£	£
Wages and Salaries	704,730	888,550
Social Security Costs	32,104	21,142
External Crew Hire Costs	21,510	40,241
Pension Costs	66,506	83,965
	<u>824,850</u>	<u>1,033,898</u>

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

	2013	2012
Average Number of Employees		
Sailing	17	26
Office Staff and Management	8	8
	<u>25</u>	<u>34</u>

Directors Remuneration

A director of Waverley Steam Navigation Co Ltd received remuneration of £9,000 (2012- £7,382) 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 £27,733 (2012 – £Nil) together with payments to a money purchase pension scheme of £1,600 (2012 – £Nil) from that company.

Travel and other expenses totalling £437 (2012 - £166) were repaid to directors of the company during the year.

At 31 October 2013 the group's share of the deficit in contributions to the Merchant Navy Officers Pension Fund was £294,507. 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:

	2013	2012
	£	£
Expenditure in excess of income is stated after charging:-		
Auditors Remuneration:	1,295	1,295
Depreciation – Owned Assets	334,541	393,363

Group:

	2013	2012
	£	£
Expenditure in excess of income is stated after charging:-		
Auditors Remuneration –	9,495	9,000
Depreciation – Owned Assets	335,540	394,534

9./

9. TAXATION

(a) Company

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

(b) Group

	2013 £	2012 £
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% (2012 – 20%). The differences are explained below:

	2013 £	2012 £
Net group expenditure in excess of income before taxation	(433,952)	(161,703)
Less: Parent company's expenditure in excess of income	(502,197)	(257,876)
Net Profit of subsidiary companies before taxation	68,245	96,173
Profit on ordinary activities multiplied by the standard small companies rate of Corporation Tax in the United Kingdom of 20% (2012 – 20%)	13,649	19,235
Effects of - Expenses non deductible for tax purposes	7,423	(91)
- Charges on Income	(21)	(22)
- Depreciation in excess of capital allowances	133	-
- Capital Allowances in excess of depreciation	-	(823)
- Losses utilised in year	(21,184)	(18,299)
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 2012	61,846	18,906	7,343	1,550	8,673,344	8,762,989
Additions during year	-	-	-	-	-	-
Disposals during year	-	-	-	-	-	-
As at 31st October 2013	61,846	18,906	7,343	1,550	8,673,344	8,762,989
Depreciation						
As at 1st November 2012	58,381	18,531	5,938	1,550	4,603,549	4,687,949
On Disposals	-	-	-	-	-	-
Provided during year	385	209	405	-	334,541	335,540
As at 31st October 2013	58,766	18,740	6,343	1,550	4,938,090	5,023,489
Net Book Value						
As at 31st October 2013	3,080	166	1,000	-	3,735,254	3,739,500
As at 31st October 2012	3,465	375	1,405	-	4,069,795	4,075,040

(b) Company./

(b) Company

	Vessels
	£
Cost	
As at 1st November 2012	8,673,344
Additions during year	-
Disposals during year	-
	<hr/>
As at 31st October 2013	8,673,344
	<hr/>
Depreciation	
As at 1st November 2012	4,603,549
On Disposals	-
Provided during year	334,541
	<hr/>
As at 31st October 2013	4,938,090
	<hr/>
Net Book Value	
As at 31st October 2013	3,735,254
	<hr/>
As at 31st October 2012	4,069,795
	<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.

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

11. INVESTMENTS**(a) Group**

Subsidiary Undertakings at 31 October 2013

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**

	2013	2012
	£	£
Shares in Waverley Excursions Limited at Cost	100	100

12./

12. DEBTORS

	Group		Company	
	2013	2012	2013	2012
		£	£	£
Trade Debtors	49,536	63,391	-	-
Other Debtors	367,961	352,899	307,281	295,286
Amount owed by Subsidiary Undertaking	-	-	354,286	230,998
	<u>417,497</u>	<u>416,290</u>	<u>661,567</u>	<u>526,284</u>

13. CREDITORS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Amounts falling due within one year:-				
P.S.P.S.	19,044	22,579	19,044	22,579
Trade Creditors	385,520	416,529	-	-
Social Security and other Taxes	21,007	8,646	-	-
Other Creditors	39,163	57,191	12,180	10,230
	<u>464,734</u>	<u>504,945</u>	<u>31,224</u>	<u>32,809</u>
Amounts falling due in more than one year:-				
P.S.P.S. Loan	<u>267,201</u>	<u>117,201</u>	<u>267,201</u>	<u>117,201</u>

The P.S.P.S. converted £150,000 of the outstanding loan to grant funding on 3 July 2014.

14. SHARE CAPITAL

	2013	2012
Allotted, Called Up and Fully Paid		
79 Ordinary Shares of £1 each	<u>79</u>	<u>83</u>

During the year 4 ordinary shares of £1 each were returned to the company for no consideration.

15. CAPITAL AND OTHER COMMITMENTS

	2013	2012
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	2013	2012
	£	£
Balance brought forward at 1 November 2012	3,973,405	4,358,249
Add: Received during the year	<u>-</u>	<u>250,000</u>
	3,973,405	4,608,249
Less: Depreciation charge in year	(326,024)	(384,844)
Specific restoration work carried out in year	<u>-</u>	<u>(250,000)</u>
	<u>3,647,381</u>	<u>3,973,405</u>

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.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**(a) Group**

	2013	2012
	£	£
Opening Shareholders' Funds	4,317,716	4,479,419
Deficit for the Financial Year	(433,952)	(161,703)
Closing Shareholders' Funds	<u>3,883,764</u>	<u>4,317,716</u>

(b) Company

	2013	2012
	£	£
Opening Shareholders' Funds	4,808,565	5,066,441
Deficit for the Financial Year	(502,197)	(257,876)
Closing Shareholders' Funds	<u>4,306,368</u>	<u>4,808,565</u>

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

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

	2013	2012
	£	£
Expenditure in Excess of Income Before Tax	(433,952)	(161,703)
Interest Received	(822)	(802)
Depreciation Charges	335,540	394,534
Decrease/(Increase) in Stock	16,263	(820)
(Increase)/Decrease in Debtors	(1,207)	122,711
Increase/(Decrease) in Creditors	109,789	(375,868)
	<u>25,611</u>	<u>(21,948)</u>

(b) Company

	2013	2012
	£	£
Expenditure in Excess of Income	(502,197)	(257,876)
Interest Received	(5,289)	(9,016)
Depreciation Charges	334,541	393,363
Increase/(Decrease) in Creditors	148,415	(313,710)
(Increase)/Decrease in Debtors	(135,283)	173,274
	<u>(159,813)</u>	<u>(13,965)</u>

19./

19. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

(a) Group

	2013	2012
	£	£
Increase/(Decrease) in Cash	26,433	(25,998)
Cash Inflow from Debt Repayment	-	-
Movement in Net Funds in Year	26,433	(25,998)
Net Funds at Start of Year	407,302	433,300
Net Funds at End of Year	433,735	407,302

(b) Company

	2013	2012
	£	£
Decrease in Cash	(154,524)	(4,949)
Cash Inflow from Debt Repayment	-	-
Movement in Net Funds in Year	(154,524)	(4,949)
Net Funds at Start of Year	353,461	358,410
Net Funds at End of Year	198,937	353,461

20. ANALYSIS OF NET FUNDS

a) Group

	At 1st November 2012	Cashflow	Non-Cash Charges	At 31st October 2013
	£	£	£	£
Cash at Bank	416,237	26,433	-	442,670
Loans Due < 1 year	(8,935)	-	-	(8,935)
	407,302	26,433	-	433,735

b) Company

	£	£	£	£
Cash at Bank	362,396	(154,524)	-	207,872
Loans Due < 1 year	(8,935)	-	-	(8,935)
	353,461	(154,524)	-	198,937

21. CONTINGENT LIABILITY

During the year ended 31 October 2013 Her Majesty's Revenue and Customs (HMRC) conducted a review of the operation of Gift Aid by the company for the first time. There are ongoing negotiations with HMRC on points they have raised regarding the eligibility of certain payments received by the company since 2008. The Directors are working with HMRC to ensure compliance and to minimise any impact on the company.

22./

22. RELATED PARTY TRANSACTIONS

The Paddle Steamer Preservation Society holds a majority shareholding in the company. During the year the company received grant funding of £Nil (2012 - £250,000) from the Paddle Steamer Preservation Society. At 31 October 2013 the company owed the Paddle Steamer Preservation Society £286,245 (2012 - £139,780).