

Waverley Steam Navigation Co. Limited
Report of the Trustees and
Financial Statements
for the Year Ended 31 October 2018

HENDERSON & COMPANY
— CHARTERED ACCOUNTANTS —
73 Union Street Greenock PA16 8BG

THURSDAY



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25/07/2019
COMPANIES HOUSE

Waverley Steam Navigation Co. Limited

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for the Year Ended 31 October 2018**

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Waverley Steam Navigation Co. Limited

Report of the Trustees for the Year Ended 31 October 2018

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 October 2018. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is governed by its Memorandum and Articles of Association and constitutes a limited company, as defined by the Companies Act 2006.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC050789 (Scotland)

Registered Charity number

SC005832

Registered office

Waverley Terminal
Lancefield Quay
Glasgow
G3 8HA

Trustees

D Docherty	
J H Megoran	- resigned 13.12.18
J M Paterson	
P M Reid	
I G Shankland	- resigned 13.12.18
W L Sinclair	- resigned 13.12.18
G Taylor	- resigned 13.12.18
P Semple	
V Emery	- resigned 13.12.18
C G Marshall	- appointed 21.03.19
D N I Peters	- appointed 03.04.19

Company Secretary

D Docherty

Independent auditors

Henderson & Company
73 Union Street
Greenock
Renfrewshire
PA16 8BG

Waverley Steam Navigation Co. Limited

Report of the Trustees for the Year Ended 31 October 2018

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in the UK and Republic of Ireland (FRS102) and in accordance with the Companies Act 2006.

Charitable Status

The charity, a limited company governed by its Memorandum & Articles of Association, was granted charitable status under Section 505 of the Income and Corporation Taxes Act 1988, effective from 23rd March 1988.

Objectives

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

- to appreciate fully the features of her design which distinguishes her from vessels built more recently;
- to be educated in the heritage of coastal day excursion ships;
- to enjoy traditional day long coastal excursions which were common when PS.Waverley was built but is now uniquely offered by this vessel;
- enjoy facilities appropriate to a twenty first century tourist attraction, for example in terms of catering and in provision for the disabled;
- to sail in safety with the benefit of modern equipment and fully trained and experienced officers and crew.

Restrictions on the Company's Activities

The Company shall not undertake any permanent trading activities not relating directly to the furtherance of its charitable objectives. The charity's wholly owned trading subsidiary, Waverley Excursions Limited, carries out non-charitable trading activities for the charity.

Review of the Business including Achievements, Performance and Future Developments

During the season, P.S. Waverley carried 91,624 passengers, (2017 – 74,620) sailing for 93 days (2017 - 85).

The consolidated statement of financial activities, incorporating the income and expenditure account brings out a deficit for the year on unrestricted funds of £125,279 (2017 - £17,637 surplus). During the year the winter refit and repair costs on P.S. Waverley totalled £395,888 (2017 - £329,263). 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.

Financial performance was affected by several adverse events during the year.

During the annual dry docking, it was discovered that the rudder stock required replacing. Major delay was avoided, since a replacement rudder stock had been cast in 2016 following proactivity discussions by the board and funded by a bequest from the late Jim Sheriff. Fitting the stock required "Waverley" to spend a second period in dry dock, and as a result of this unexpected work, winter refit costs were above budget. Nevertheless, the sailing season began on time.

In late August the ship experienced a malfunction of the boiler control systems, causing a four-hour delay with passengers on board off Helensburgh. This issue resulted in three further sailings being cancelled or altered. In September several sailings were lost due to inclement weather on the south coast. Also due to poor weather, the ship was not able to reposition to the Thames, and several sailings with very high advanced bookings had to be cancelled and fares refunded.

Throughout the 2018 season "Waverley" operated on marine gas oil in all sailing areas, whereas in previous years she has burned the cheaper heavy fuel oil in designated operating areas. The average cost per litre of fuel was consequently increased for the season. Pilotage and berthing fees were also higher than in previous seasons.

The./

Waverley Steam Navigation Co. Limited

Report of the Trustees for the Year Ended 31 October 2018

Review of the Business including Achievements, Performance and Future Developments - continued

The company acknowledges charitable support from its major shareholder, Paddle Steamer Preservation Society. The Scottish Branch of PSPS contributed £6,000 to fund the installation of a new fire detection system in the ship's galley. BAE systems continued to assist the company by undertaking elements of work associated with the winter refit. Several companies continued to offer assistance, and in 2018 Serco kindly sponsored a relief Master for a period of 12 weeks.

The sailing season ran from late May until mid – October with “Waverley” operating a total of 93 days from a planned timetable of 109 days. 13 days were lost due to adverse weather and 3 days due to technical reasons.

During the main Clyde programme “Waverley” was able to call at the new pier at Brodick, restoring a popular destination to the timetable. Helensburgh pier was closed to all vessels in early September, creating concerns for this popular destination and embarkation point in 2019. Yarmouth pier on the Isle of Wight was rebuilt in 2018 and was open for “Waverley's” arrival in mid-September.

The Board of Trustees thank the Masters and the Ship's crew, the Office team and the volunteers who assist in various capacities to ensure that “Waverley” continues to operate.

Future developments will focus on ensuring that the timetabled sailings are as attractive as possible to maximise passenger loadings from all sectors of the communities which “Waverley” visits. An Economic Impact Survey in 2015 identified that expenditure by passengers on “Waverley” contributes £5.63 million to the U.K. economy with £3.6 million in Scotland. Despite this, financial support from local and central government sources is now minimal. The Trustees continue to believe “Waverley” merits external support, in recognition of her unique status in British maritime, industrial and social history, and to ensure she continues to make significant economic contribution to coastal communities.

Post Financial Year – end Event and Going Concern

In May 2019 scheduled testing of the boilers installed in “Waverley” uncovered unexpected defects, the extent of which made repairs uneconomic. Consequently, all sailings scheduled for 2019 were cancelled and a Public Appeal was launched to raise £2.3m to fund replacement boilers and other key components which are also approaching expiry of design-life.

Based on the ship's unique status as an icon of Scottish engineering heritage and the last of her type, and the immediate expressions of support from a broad spectrum of individuals and organisations the Trustees believe the appeal is likely to be successful. Professional advice has been engaged to assist.

The company's major shareholder Paddle Steamer Preservation Society moved quickly to pledge more than £500k, a portion of which funded material refit costs incurred prior to the cancellation decision. Within two months of the decision to cancel sailings in excess of £450k has been raised enabling new boilers and other time-critical equipment orders to be placed.

Decisions have been taken to reduce ongoing costs including payroll meantime.

The Trustees are confident that sufficient funds and adequate liquidity are in place to maintain the operation of the charity in its reduced format for the coming twelve months. All costs relating to the re-boiling and associated refit of “Waverley” will be funded from appeal proceeds.

The Trustees have concluded that as the appeal outcome cannot be pre-determined, material uncertainty exists that casts significant doubt upon the company's ability to continue as a going concern in the longer term, however due to their confidence in the appeal and given that central costs are already covered for twelve months, the trustees continue to adopt the going concern basis of accounting.

Reserve./

Waverley Steam Navigation Co. Limited

Report of the Trustees for the Year Ended 31 October 2018

Reserve Policy

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

Investment Policy

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

Statement on Risk

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

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

Fixed Assets

Movements in Fixed Assets are detailed in Note 12 to the accounts.

Related Parties

The Paddle Steamer Preservation Society, a charity registered in England and also in Scotland, is a related party by virtue of its 69.86% shareholding in the company. Donations towards specific preservation projects undertaken by the company are received from the Paddle Steamer Preservation Society as decided by the trustees of that charity.

Trustees and their Interests

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

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

All company decisions are made by the Board of Trustees and there are no other key management personnel.

Trustee Induction and Training

In addition to the formal qualification relating to membership of the Paddle Steamer Preservation Society, one of the criteria for consideration of potential trustees is a developed awareness of the heritage and tradition which the company seeks to maintain through the operation of Waverley. This awareness will have been developed through regular sailing on board the ship, as either a passenger or as an employee of a subsidiary company and/or through membership in an active capacity of the Paddle Steamer Preservation Society. New trustees are encouraged to develop this awareness further by continuing to sail aboard Waverley wherever she may be operating and by familiarising themselves in that way, and through formal meetings and discussions and informal contacts, with the circumstances which impinge on the achievement of the company's objectives. New trustees are also advised of their responsibilities under charity and company law, the content of the Memorandum and Articles of Association and the company's decision making processes. Trustees are further encouraged to take advantage of any appropriate training or development opportunities which will assist them to discharge their responsibilities as members of the board.

STATEMENT OF TRUSTEES RESPONSIBILITIES/

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Waverley Steam Navigation Co. Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

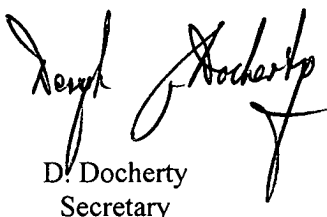
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

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

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 15 July 2019 and signed on the board's behalf by:



D. Docherty
Secretary

Report of the Independent Auditors to the Trustees and Members of Waverley Steam Navigation Co. Limited

Opinion

We have audited the financial statements of Waverley Steam Navigation Co. Limited (the 'charitable company') for the year ended 31 October 2018 which comprise the group and parent charitable company Statement of Financial Activities, the group and parent charitable company Statement of Financial Position, the group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 31 October 2018 and of the group and parent charitable company's incoming resources and application of resources, including the group and 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the Going Concern heading within note 1 of the financial statements, which indicates that all of the 2019 sailings have had to be cancelled due to the uncovering of unexpected boiler defects in May 2019. A public appeal has been launched to raise the £2.3m required to fund the replacement boilers. The appeal has already raised in excess of £450k within the first two months following its launch and the trustees are confident that the required total will be raised. If the company is unable to raise the required level of funding then a material uncertainty exists over the company's ability to continue as a going concern as P.S. Waverley would not be able to return to service. Our audit opinion is not modified in respect of this matter.

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Trustees and Members of Waverley Steam Navigation Co. Limited

Matters on Which We are Required to Report by Exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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:

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our Responsibilities for the Audit of the Financial Statements

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

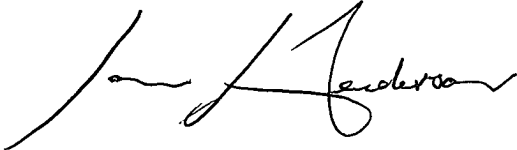
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**Report of the Independent Auditors to the Trustees and Members of
Waverley Steam Navigation Co. Limited**

Use of Our Report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'John Henderson', with a stylized flourish at the end.

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

23 July 2019

Waverley Steam Navigation Co. Limited

**Parent Company Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 October 2018**

		Unrestricted fund	Restricted fund	2018 Total funds	2017 <i>Total funds</i>
	Notes	£	£	£	£
INCOME					
Donations and legacies	2	94,327	-	94,327	268,214
Charitable activities					
Preservation and operation of PS. Waverley	5	1,518,537	6,000	1,524,537	1,340,793
Investment income	4	<u>512</u>	<u>-</u>	<u>512</u>	<u>199</u>
Total Income		1,613,376	6,000	1,619,376	1,609,206
EXPENDITURE ON					
Charitable activities	7				
Preservation and operation of PS. Waverley		1,779,631	299,262	2,078,893	1,883,256
Governance costs		<u>1,350</u>	<u>-</u>	<u>1,350</u>	<u>7,212</u>
Total Expenditure		1,780,981	299,262	2,080,243	1,890,468
NET INCOME/(EXPENDITURE)		(167,605)	(293,262)	(460,867)	(281,262)
RECONCILIATION OF FUNDS					
Total funds brought forward		946,079	2,474,333	3,420,412	3,701,674
TOTAL FUNDS CARRIED FORWARD		<u>778,474</u>	<u>2,181,071</u>	<u>2,959,545</u>	<u>3,420,412</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

Waverley Steam Navigation Co. Limited

**Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 October 2018**

		Unrestricted fund	Restricted fund	2018 Total funds	2017 <i>Total funds</i>
	Notes	£	£	£	£
INCOME					
Donations and legacies	2	94,327	-	94,327	268,214
Charitable activities	5				
Preservation and operation of PS. Waverley		1,469,085	6,000	1,475,085	1,286,316
Other trading activities	3	486,936	-	486,936	435,760
Investment income	4	618	-	618	314
Total Income		2,050,966	6,000	2,056,966	1,990,604
EXPENDITURE ON					
Trading activities	6	301,218	-	301,218	289,266
Charitable activities	7				
Preservation and operation of PS. Waverley		1,529,789	299,262	1,829,051	1,643,257
Governance costs		9,372	-	9,372	22,101
Management and administration		335,866	-	335,866	311,605
Total Expenditure		2,176,245	299,262	2,475,507	2,266,229
NET INCOME/(EXPENDITURE)		(125,279)	(293,262)	(418,541)	(275,625)
RECONCILIATION OF FUNDS					
Total funds brought forward		632,178	2,474,333	3,106,511	3,382,136
TOTAL FUNDS CARRIED FORWARD		<u>506,899</u>	<u>2,181,071</u>	<u>2,687,970</u>	<u>3,106,511</u>

CONTINUING OPERATIONS

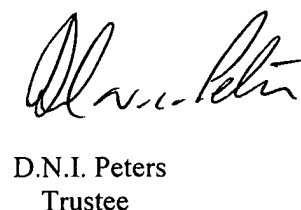
All income and expenditure has arisen from continuing activities.

Waverley Steam Navigation Co. Limited
(Registered Number : SC050789)
Parent Company Statement of Financial Position
At 31 October 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	12	2,226,359	2,528,138
Investments	13	<u>100</u>	<u>100</u>
		2,226,459	2,528,238
CURRENT ASSETS			
Debtors	15	114,593	132,270
Cash at bank		<u>757,884</u>	<u>940,421</u>
		872,477	1,072,691
CREDITORS			
Amounts falling due within one year	16	(22,107)	(63,233)
NET CURRENT ASSETS		<u>850,370</u>	<u>1,009,458</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,076,829	3,537,696
CREDITORS			
Amounts falling due after more than one year	17	(117,201)	(117,201)
NET ASSETS		<u>2,959,628</u>	<u>3,420,495</u>
CAPITAL AND RESERVES			
Called up share capital	20	73	73
Capital redemption reserve		10	10
Unrestricted funds	19	778,474	946,079
Restricted funds	19	<u>2,181,071</u>	<u>2,474,333</u>
TOTAL FUNDS		<u>2,959,628</u>	<u>3,420,495</u>

The financial statements were approved by the Board of Trustees on 15 July 2019 and were signed on its behalf by:


C.G. Marshall
Trustee


D.N.I. Peters
Trustee

The notes form part of these financial statements

Waverley Steam Navigation Co. Limited
(Registered Number : SC050789)
Consolidated Statement of Financial Position
At 31 October 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	12	2,229,149	2,531,478
CURRENT ASSETS			
Stocks	14	19,751	22,318
Debtors	15	46,593	124,493
Cash at bank		<u>960,531</u>	<u>1,079,605</u>
		1,026,875	1,226,416
CREDITORS			
Amounts falling due within one year	16	(421,326)	(475,211)
NET CURRENT ASSETS		<u>605,549</u>	<u>751,205</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,834,698	3,282,683
CREDITORS			
Amounts falling due after more than one year	17	(146,645)	(176,089)
NET ASSETS		<u>2,688,053</u>	<u>3,106,594</u>
CAPITAL AND RESERVES			
Called up share capital	20	73	73
Capital redemption reserve		10	10
Unrestricted funds	19	506,899	632,178
Restricted funds	19	<u>2,181,071</u>	<u>2,474,333</u>
TOTAL FUNDS		<u>2,688,053</u>	<u>3,106,594</u>

The financial statements were approved by the Board of Trustees on 15 July 2019 and were signed on its behalf by:



C.G. Marshall
Trustee



D.N.I. Peters
Trustee

The notes form part of these financial statements

Waverley Steam Navigation Co. Limited

**Consolidated Statement of Cash Flows
for the Year Ended 31 October 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>(119,006)</u>	<u>(104,596)</u>
Net cash provided by (used in) operating activities		<u>(119,006)</u>	<u>(104,596)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(686)	(860)
Interest received		<u>618</u>	<u>314</u>
Net cash provided by (used in) investing activities		<u>(68)</u>	<u>(546)</u>
Change in cash and cash equivalents in the reporting period		(119,074)	(105,142)
Cash and cash equivalents at the beginning of the reporting period		<u>1,079,605</u>	<u>1,184,747</u>
Cash and cash equivalents at the end of the reporting period		<u><u>960,531</u></u>	<u><u>1,079,605</u></u>

The notes form part of these financial statements

Waverley Steam Navigation Co. Limited

**Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 October 2018**

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(418,541)	(275,625)
Adjustments for:		
Depreciation charges	303,015	302,915
Interest received	(618)	(314)
Decrease/(Increase) in stocks	2,567	(11,349)
Decrease/(Increase) in debtors	77,900	(61,981)
Decrease in creditors	<u>(83,329)</u>	<u>(58,242)</u>
Net cash provided by (used in) operating activities	<u>(119,006)</u>	<u>(104,596)</u>

Waverley Steam Navigation Co. Limited

Notes to the Financial Statements for the Year Ended 31 October 2018

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the company's transactions are denominated.

Going concern

In May 2019 scheduled testing of the boilers installed in "Waverley" uncovered unexpected defects, the extent of which made repairs uneconomic. Consequently all sailings scheduled for 2019 were cancelled and a Public Appeal was launched to raise £2.3m to fund replacement boilers and other key components which are also approaching expiry of design-life.

Based on the ship's unique status as an icon of Scottish engineering heritage and the last of her type, and the immediate expressions of support from a broad spectrum of individuals and organisations the Trustees believe the appeal is likely to be successful. Professional advice has been engaged to assist.

The company's major shareholder Paddle Steamer Preservation Society moved quickly to pledge more than £500k, a portion of which funded material refit costs incurred prior to the cancellation decision. Within two months of the decision to cancel sailings in excess of £450k has been raised enabling new boilers and other time critical equipment orders to be placed.

Decisions have been taken to reduce ongoing costs including payroll meantime.

The trustees are confident that sufficient funds and adequate liquidity are in place to maintain the operation of the charity in its reduced format for the coming twelve months. All costs relating to the re-boiling and associated refit of "Waverley" will be funded from the appeal proceeds.

The trustees have concluded that as the appeal outcome cannot be pre-determined, material uncertainty exists that casts significant doubt upon the company's ability to continue as a going concern in the longer term, however due to their confidence in the appeal and given that central costs are already covered for twelve months, the directors continue to adopt the going concern basis of accounting.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Waverley Steam Navigation Co. Limited

Notes to the Financial Statements - continued for the Year Ended 31 October 2018

1. ACCOUNTING POLICIES – continued

Allocation and apportionment of costs

Costs of raising funds comprise the costs of commercial trading including merchandising, the dining and catering facilities, bar and their associated support costs.

Expenditure on charitable activities includes the costs of operating and preserving PS. Waverley and activities undertaken to further the purposes of the charity and their associated support costs.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include office costs, finance, personnel, payroll and governance costs which support the charity's activities.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

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

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

Some of the group's employees are members of a multi-employer funded defined benefit scheme. As the scheme is multi-employer the group is unable to identify their own share of the schemes assets and liabilities, so in accordance with paragraphs 28.13 and 28.13A of FRS102 the entity shall account for the scheme as if it was a defined contribution scheme with contributions accounted for when payable. Where the group has entered into an agreement with the multi-employer plan that determines how a deficit will be funded the group shall recognise a liability for the contributions payable that arise from the agreement with the resulting expense in profit or loss. The group shall measure its liability on a discounted present value basis. The group shall determine the rate used to discount the future payments by reference to market yields at the reporting date on high quality corporate bonds. The currency and term of the corporate bonds shall be consistent with the currency and estimated period of the future payments.

Payments are also made to a defined contribution pension scheme for some employees which are accounted for when payable.

Investments

Investments in subsidiaries are accounted for at cost less impairment.

Waverley Steam Navigation Co. Limited

Notes to the Financial Statements - continued for the Year Ended 31 October 2018

1. ACCOUNTING POLICIES – continued

Debtors

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

Cash at Bank and in Hand

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

Creditors

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

Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of loans which are subsequently measured at amortised cost using the effective interest method.

Significant Judgments and Estimates

In the application of the Company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods. The trustees are satisfied that the accounting policies are appropriate and applied consistently.

Critical judgements are made in the application of income recognition accounting policies, and the timing of the recognition income in accordance with the Charities SORP (FRS 102).

2. DONATIONS AND LEGACIES

Group and company

	2018	2017
	£	£
Donations and legacies	<u>94,327</u>	<u>268,214</u>

3. OTHER TRADING ACTIVITIES

Group

	2018	2017
	£	£
Shop sales	77,138	74,220
Bar and catering revenue	408,593	360,390
Other income	<u>1,205</u>	<u>1,150</u>
	<u>486,936</u>	<u>435,760</u>

Waverley Steam Navigation Co. Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**

4. INVESTMENT INCOME
Group

	2018	2017
	£	£
Deposit account interest	<u>618</u>	<u>314</u>

Company

	2018	2017
	£	£
Deposit account interest	<u>512</u>	<u>199</u>

5. INCOME FROM CHARITABLE ACTIVITIES
Group

	2018	2017
	£	£
Sailing revenue	1,469,085	1,219,951
Grants	<u>6,000</u>	<u>66,365</u>
	<u>1,475,085</u>	<u>1,286,316</u>

Company

	2018	2017
	£	£
Sailing revenue	1,449,813	1,161,933
Grants	6,000	66,365
Charter fees	10,500	55,500
Shop and Catering Rental	<u>58,224</u>	<u>56,995</u>
	<u>1,524,537</u>	<u>1,340,793</u>

Group and company

Grants received, included in the above, are as follows:

	2018	2017
	£	£
P.S.P.S	<u>6,000</u>	<u>66,365</u>

6. OTHER TRADING ACTIVITIES

	2018	2017
	£	£
Purchases	139,485	123,646
Staff costs	122,444	118,567
Other costs	<u>39,289</u>	<u>47,053</u>
	<u>301,218</u>	<u>289,266</u>

Waverley Steam Navigation Co. Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**

7. CHARITABLE ACTIVITIES COSTS

Group

	Direct costs	Support costs (See note 8)	Totals
	£	£	£
Staff costs	345,681	-	345,681
Ship repair and operating costs	1,059,960	-	1,059,960
Depreciation	301,779	-	301,779
Sales and marketing costs	121,631	-	121,631
Governance costs	-	9,372	9,372
Management and administration		335,866	335,866
	<u>1,829,051</u>	<u>345,238</u>	<u>2,174,289</u>

Company

	Direct costs	Support costs (See note 8)	Totals
	£	£	£
Ship repair and operating costs	1,777,114	-	1,777,114
Depreciation	301,779	-	301,779
Governance costs	-	1,350	1,350
	<u>2,078,893</u>	<u>1,350</u>	<u>2,080,243</u>

8. SUPPORT COSTS

Group

			2018	2017
	Governance costs	Management and administration	Total activities	Total activities
	£	£	£	£
Auditors' remuneration	5,510	-	5,510	6,275
Auditors' remuneration – non audit work	2,240	-	2,240	2,625
Other professional fees	1,622	-	1,622	13,201
Staff costs	-	265,092	265,092	229,075
Office costs	-	23,022	23,022	21,349
Postage and stationery	-	15,037	15,037	29,558
Other costs	-	32,715	32,715	31,623
	<u>9,372</u>	<u>335,866</u>	<u>345,238</u>	<u>333,706</u>

Waverley Steam Navigation Co. Limited

Notes to the Financial Statements - continued for the Year Ended 31 October 2018

8. SUPPORT COSTS - continued Company

			2018	2017
	Governance costs	Management and administration	Total activities	Total activities
	£	£	£	£
Auditors' remuneration	1,350	-	1,350	1,350
Other professional fees	-	-	-	5,862
	<u>1,350</u>	<u>-</u>	<u>1,350</u>	<u>7,212</u>

9. NET INCOME/(EXPENDITURE)

Group

Net income/(expenditure) is stated after charging/(crediting):

	2018	2017
	£	£
Auditors' remuneration	5,510	6,275
Auditors' remuneration for non audit work	2,240	2,625
Depreciation - owned assets	<u>303,015</u>	<u>302,915</u>

Company

Net income/(expenditure) is stated after charging/(crediting):

	2018	2017
	£	£
Auditors' remuneration	1,350	1,350
Depreciation - owned assets	<u>301,779</u>	<u>301,779</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

Two trustees of Waverley Steam Navigation Co. Limited received remuneration totalling £12,450 (2017 - £21,155) from Waverley Excursions Limited. No other trustee of the parent company received any remuneration in respect of their services. One director of Waverley Excursions Limited received remuneration of £56,660 (2017 - £55,500) together with payments to a money purchase scheme of £3,783 (2017 - £3,000) from that company.

Travel and other expenses totalling £Nil (2017 - £4,076) were repaid to directors of the subsidiary company during the year.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 October 2018 nor for the year ended 31 October 2017.

Waverley Steam Navigation Co. Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**

11. STAFF COSTS

	2018 £	2017 £
Wages and salaries	669,099	640,921
Social security costs	22,741	17,814
External crew hire costs	31,502	48,024
Other pension costs	<u>9,875</u>	<u>6,761</u>
	<u>733,217</u>	<u>713,520</u>

The average monthly number of employees during the year was as follows:

	2018	2017
Sailing	16	17
Office staff and management	<u>8</u>	<u>8</u>
	<u>24</u>	<u>25</u>

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

12. TANGIBLE FIXED ASSETS
Group

	Equipment for Vessel £	Vessel £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 November 2017	61,846	7,546,023	7,343	22,118	7,637,330
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>686</u>	<u>686</u>
At 31 October 2018	<u>61,846</u>	<u>7,546,023</u>	<u>7,343</u>	<u>22,804</u>	<u>7,638,016</u>
DEPRECIATION					
At 1 November 2017	60,307	5,017,885	7,271	20,389	5,105,852
Charge for year	<u>385</u>	<u>301,779</u>	<u>72</u>	<u>779</u>	<u>303,015</u>
At 31 October 2018	<u>60,692</u>	<u>5,319,664</u>	<u>7,343</u>	<u>21,168</u>	<u>5,408,867</u>
NET BOOK VALUE					
At 31 October 2018	<u>1,154</u>	<u>2,226,359</u>	<u>-</u>	<u>1,636</u>	<u>2,229,149</u>
At 31 October 2017	<u>1,539</u>	<u>2,528,138</u>	<u>72</u>	<u>1,729</u>	<u>2,531,478</u>

Waverley Steam Navigation Co. Limited

Notes to the Financial Statements - continued for the Year Ended 31 October 2018

12. TANGIBLE FIXED ASSETS - continued

Company

	Vessel £
COST	
At 1 November 2017 and 31 October 2018	<u>7,544,473</u>
DEPRECIATION	
At 1 November 2017	5,016,335
Charge for year	<u>301,779</u>
At 31 October 2018	<u>5,318,114</u>
NET BOOK VALUE	
At 31 October 2018	<u>2,226,359</u>
At 31 October 2017	<u>2,528,138</u>

On 18th February 1998 the Trustees of the National Heritage Memorial Fund took a 25 year mortgage on the vessel P.S. "Waverley" as security for the conditions of the grant accepted by the Company for the Heritage Rebuild project.

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

13. INVESTMENTS

Waverley Steam Navigation Co. Limited owns 100% of the issued share capital of Waverley Excursions Limited. This company is registered in Scotland (registered number SC070945) and is a ship operator. The registered office is Waverley Terminal, 36 Lancefield Quay, Glasgow, G3 8HA.

Waverley Excursions Limited's turnover for the year ended 31 October 2018 was £2,280,468 (2017 - £2,072,490). The cost of sales and administration expenses for the year ended 31 October 2018 were £2,238,170 (2017 - £2,066,851) resulting in a net profit for the year of £42,298 (2017 - £5,639). At 31 October 2018 the company's aggregate share capital and reserves were £271,501 in deficit (2017 - £313,799 in deficit).

Waverley Excursions Limited owns 100% of the issued share capital in Waverley Excursions Guernsey (2015) Ltd. This company is registered in Guernsey (registered number 1-60182) and is an employment company. The registered office is 4th Floor, West House, Trafalgar Court, Admiral Park, St Peters Port, Guernsey, GY1 2JA.

Waverley Excursions Guernsey (2015) Ltd's turnover for the year ended 31 October 2018 was £419,106 (2017 - £428,117). The cost of sales and administration expenses for the year ended 31 October 2018 were £419,078 (2017 - £428,117) resulting in a net profit for the year of £28 (2017 - £Nil). At 31 October 2018 the company's aggregate share capital and reserves were £29 (2017 - £1).

Waverley Steam Navigation Co. Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**

14. STOCKS

Group

	2018	2017
	£	£
Souvenir shop stock	14,733	16,700
Bar and catering stock	<u>5,018</u>	<u>5,618</u>
	<u>19,751</u>	<u>22,318</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group

	2018	2017
	£	£
Trade debtors	6,108	23,309
Other debtors	<u>40,485</u>	<u>101,184</u>
	<u>46,593</u>	<u>124,493</u>

Company

	2018	2017
	£	£
Amounts owed by group undertakings	105,406	123,625
Other debtors	<u>9,187</u>	<u>8,645</u>
	<u>114,593</u>	<u>132,270</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group

	2018	2017
	£	£
Trade creditors	280,850	255,855
Amounts owed to Paddle Steamer Preservation Society	5,757	6,883
Social security and other taxes	41,026	35,099
Other creditors	<u>93,693</u>	<u>177,374</u>
	<u>421,326</u>	<u>475,211</u>

Company

	2018	2017
	£	£
Amounts owed to Paddle Steamer Preservation Society	5,757	6,883
Other creditors	<u>16,350</u>	<u>56,350</u>
	<u>22,107</u>	<u>63,233</u>

Waverley Steam Navigation Co. Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR
Group

	2018	2017
	£	£
Amounts owed to Paddle Steamer Preservation Society	117,201	117,201
Other creditors	<u>29,444</u>	<u>58,888</u>
	<u>146,645</u>	<u>176,089</u>

Company

	2018	2017
	£	£
Amounts owed to Paddle Steamer Preservation Society	<u>117,201</u>	<u>117,201</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS
Group

	Unrestricted fund	Restricted fund	2018 Total funds	2017 Total funds
	£	£	£	£
Fixed assets	48,078	2,181,071	2,229,149	2,531,478
Current assets	1,026,875	-	1,026,875	1,226,416
Current liabilities	(421,326)	-	(421,326)	(475,211)
Long term liabilities	<u>(146,645)</u>	<u>-</u>	<u>(146,645)</u>	<u>(176,089)</u>
	<u>506,982</u>	<u>2,181,071</u>	<u>2,688,053</u>	<u>3,106,594</u>

Company

	Unrestricted fund	Restricted fund	2018 Total funds	2017 Total funds
	£	£	£	£
Fixed assets	45,288	2,181,071	2,226,359	2,528,138
Investments	100	-	100	100
Current assets	872,477	-	872,477	1,072,691
Current liabilities	(22,107)	-	(22,107)	(63,233)
Long term liabilities	<u>(117,201)</u>	<u>-</u>	<u>(117,201)</u>	<u>(117,201)</u>
	<u>778,557</u>	<u>2,181,071</u>	<u>2,959,628</u>	<u>3,420,495</u>

Waverley Steam Navigation Co. Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**

19. MOVEMENT IN FUNDS
Group

	At 1.11.17 £	Net movement in funds £	At 31.10.18 £
Unrestricted funds			
General fund	632,178	(125,279)	506,899
Restricted funds			
Restricted	2,474,333	(293,262)	2,181,071
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u><u>3,106,511</u></u>	<u><u>(418,541)</u></u>	<u><u>2,687,970</u></u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,050,966	(2,176,245)	(125,279)
Restricted funds			
Restricted	6,000	(299,262)	(293,262)
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u><u>2,056,966</u></u>	<u><u>(2,475,507)</u></u>	<u><u>(418,541)</u></u>

Waverley Steam Navigation Co. Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**

19. MOVEMENT IN FUNDS – continued

Company

	At 1.11.17	Net movement in funds	At 31.10.18
	£	£	£
Unrestricted funds			
General fund	946,079	(167,605)	778,474
Restricted funds			
Restricted	2,474,333	(293,262)	2,181,071
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>3,420,412</u>	<u>(460,867)</u>	<u>2,959,545</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,613,376	(1,780,981)	(167,605)
Restricted funds			
Restricted	6,000	(299,262)	(293,262)
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>1,619,376</u>	<u>(2,080,243)</u>	<u>(460,867)</u>

Restricted funds are comprised of capital grants received towards the rebuild costs of PS Waverley less annual depreciation charges.

20. SHARE CAPITAL

Group and company

	2018	2017
Allotted, called up and fully paid		
73 Ordinary shares of £1 each	<u>73</u>	<u>73</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.

21. RELATED PARTY DISCLOSURES

The Paddle Steamer Preservation Society holds a majority shareholding in the company. During the year the company received grant funding of £6,000 (2017 - £66,365) from the Paddle Steamer Preservation Society. At 31 October 2018 the company owed the Paddle Steamer Preservation Society £122,958 (2017 - £124,084).