

MV BALMORAL FUND LIMITED

**ANNUAL REPORT AND STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2015**

COMPANY REGISTERED NUMBER: 08555385

CHARITY REGISTERED NUMBER: 1155339



MV BALMORAL FUND LIMITED

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For the year ended 30 June 2015

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MV BALMORAL FUND LIMITED

**Notice of the Annual General Meeting
For the year ended 30 June 2015**

Notice is hereby given that the second Annual General Meeting of MV Balmoral Fund Limited will be held aboard MV Balmoral at Bristol on Friday 18 December 2015 at 11am when the following business will be transacted:

Ordinary Business

- 1 Apologies for absence
- 2 Minutes of the 1st Annual General meeting held on 28 November 2014.
- 3 To receive and consider the Trustees Report and the Financial Statements of the Company for the year ended 30 June 2015.
- 4 To elect the following directors, appointed since the last Annual General Meeting, who retire under the provisions of Article 37(2) and offer themselves for re-election:
 - a) Captain R S Francis
 - b) P M Doubler
 - c) A G Lewis
- 5 To elect the following directors, who retire by rotation under Article 33(1) and offer themselves for re-election:
 - a) D G Bassett
 - b) H R A Mills
- 6 To consider and, if thought fit, pass the following **Special Resolution** which will be proposed on behalf of the Board: That subject to the necessary regulatory acceptances being obtained, Article 1 of the Articles of Association be amended to read as follows: "1. The company's name is MV BALMORAL CHARITABLE TRUST (and in this document it is called the 'charity')."
- 7 To re-elect K M Adams FCA Independent Examiner of the Company.
- 8 To transact any other business capable of being transacted at an Annual General Meeting.

By order of the Board

Richard Mills
Director

26 November 2015

Registered Office
21 South Close Green, Merstham, Redhill, Surrey, RH1 3DU

Notes

The venue will be available from 1030am in readiness for the meeting to start promptly at 11am. Any Member of the Company may appoint a proxy to attend and vote in his or her stead. A proxy need not be a member of the Company. Proxies must be lodged with the Director named above at the address shown or by email to hra.mills@btinternet.com not less than 48 hours before the meeting.

MV BALMORAL FUND LIMITED

Trustees and Advisors
For the year ended 30 June 2015

Trustees

D G Bassett
P M Doubler
Captain R S Francis
A J Jardine
G H Krouwel
A G Lewis
H R A Mills
Dr J D Naysmith

Registered Office

21 South Close Green, Merstham, Redhill, Surrey, RH1 3DU

Independent Examiner

K M Adams FCA, Tarn Hows, Vinegar Hill, Milford on Sea, Lymington, Hampshire, SO41 0RZ

Bankers

Lloyds Bank PLC, PO Box 1000, Andover, BX1 1LT

Solicitors

Lancaster Parr, Pear Tree House, Wanstrow, Somerset, BS1 5UE
CMS Cameron McKenna LLP, 2 College Square, Anchor Road, Bristol, BS1 5UE
Stone King, 13 Queen Square, Bath, BA1 2HJ

Marine Consultants

SeaSpan Shipping Limited, Woodside House, 20-23 Woodside Place, Glasgow, G3 7QF

**Trustees Report
For the year ended 30 June 2015**

The Trustees present their report and accounts for the year ended 30 June 2015 in compliance with current statutory requirements, the Company's Memorandum and Articles of Association and with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005), UK Accounting Standards and the Charities Act 2011.

Reference and administrative details

The principal activity of MV Balmoral Fund Limited (MV8FL) is to preserve and exhibit, in sailing condition, the historic vessel MV Balmoral and to advance the education of the public through the provision of educational material relating to the industrial and maritime historic period represented by the ship and the architecture of the surrounding coastline.

Structure, governance and management

Governing document

MV Balmoral Fund Limited was incorporated on 4 June 2013 as a Company limited by guarantee, number 08555385.

The Company was granted charitable status from 15 January 2014 and is registered with the Charity Commission, number 1155339.

Trustees

The Trustees (who are all Directors of the Company for the purposes of Company law) who have served through the year under review were:

D G Bassett
Captain I F D Clark (resigned 23 December 2014)
P M Doubler (appointed 26 January 2015)
M B F Floyd (appointed 12 September 2014; resigned 1 August 2015)
Captain R S Francis (appointed 5 March 2015)
A J Jardine (appointed 12 September 2014)
G H Krouwel (appointed 15 September 2014)
A G Lewis (appointed 4 August 2015)
H R A Mills (appointed 12 September 2014)
Dr J D Naysmith (appointed 12 September 2014)

The Trustees are all members of the Company and, as set out in Note 11, the liability of the members is limited to £10 each. The Trustees are subject to election or re-election according to procedures set out in the Company's Memorandum and Articles of Association which is its governing document.

MV BALMORAL FUND LIMITED

Trustees Report For the year ended 30 June 2015 (Continued)

Organisation

The Company operates through a Board of Directors which also acts as Trustees for the charitable activities of the Company. The Trustees determine the general policy of the Company.

The Board meets regularly as circumstances require. It is pleased to recognise the assistance of many individuals who bring their expertise and enthusiasm to support the project.

Related parties

The company has been working closely with The Paddle Steamer Preservation Society (PSPS) and its subsidiary companies Waverley Steam Navigation Company (WSN) and Waverley Excursions Limited (WEL). WSN took ownership of MV Balmoral in 1985 and WEL operated the ship in support of Paddle Steamer Waverley until the end of the 2012 sailing season. WEL then concluded that it needed to concentrate solely on operating PS Waverley and MV Balmoral was laid up. The outcome was a public appeal for funds to support Balmoral's retention in seaworthy condition and the subsequent formation of this company. Further details of progress with the project are given under 'Achievements and performance' later in this report. Balmoral was transferred to this company in April 2015 and then chartered to White Funnel Ltd for 5 years from 18 May 2015. The Charter fee is £1 per month and the arrangement can be terminated annually at the charterer's discretion.

Risk Management

The Trustees examine the major risks that the Company faces when preparing and updating their plans. The Company, in conjunction with its marine consultants, Seaspan Shipping Limited, has developed systems to monitor and control these risks to manage any impact that they may have on the Company in the future.

Objectives and activities

The Company continues with its prime objectives of preserving and exhibiting, in sailing condition, the historic vessel MV Balmoral.

The Charity's main aims during the year under review have been to return Balmoral to service. This has been achieved by chartering the ship to the company's wholly owned subsidiary White Funnel Limited.

Our progress and success in this ambition is reported under 'Achievements and performance'.

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The Trustees gratefully acknowledge the continuing input from members and volunteers, both financial and physical, to the restoration project. Without their professionalism and enthusiasm the project would not have reached success in reaching its primary objectives.

MV BALMORAL FUND LIMITED

Trustees Report For the year ended 30 June 2015 (Continued)

Achievements and performance

As the following paragraphs show, the year to 30 June 2015 which is under review here has been a tumultuous one, with many successes but also numerous challenges.

By July 2014 Balmoral had returned to Bristol having been successfully dry-docked at Sharpness. Despite the work carried out on her, which took longer than expected, her condition gave confidence that she could be returned to service on coastal passenger excursions if sufficient further funding could be secured.

It was clear that a tremendous management burden had been borne by the two remaining directors of the Fund during this period, David Bassett and Captain Ian Clark, aided by a few active volunteers. The need to strengthen the Board was essential if real progress were to be made towards fundraising and setting up a sustainable organisation. In September, steps to achieve this were taken by inviting 5 others to join the Board: Andrew Jardine and Ross Floyd, local Bristol businessmen; Dr Douglas Naysmith, a long-standing supporter of both PS Waverley and MV Balmoral and prominent in public life for many years; Garth (Hank) Krouwel, who has led the volunteer effort aboard the ship for the past five years and Richard Mills who had volunteered to act as secretary and treasurer of the Fund earlier in the year following a career in local government.

A preliminary application had been made to the Coastal Communities Fund (CCF), but with the outcome uncertain to say the least and with no decision likely until early 2015, other fundraising options needed to be pursued. The matter was exacerbated by the cost of dry-docking significantly exceeding estimates and, without other financial support, the future for both the ship and the Fund looked uncertain.

The Trustees commissioned a study of future structural and fundraising options, taking legal advice as appropriate. Of particular interest was the Community Interest Company (CIC) model, which retains the advantages associated with charitable status, but offers the scope for a public share offer. However, several factors mitigated against this being realistic in the circumstances. The lead time to establish a CIC would be at least 6-9 months; the Fund did not own the ship; the Maritime & Coastguard Agency (MCA), though satisfied with her dry-docking had not completed their major, quinquennial survey of the vessel, and the business model for her future operation was not sufficiently developed. The Trustees concluded that should sufficient funding become available to return Balmoral to service this would be through a wholly-owned trading subsidiary.

It is worth remembering that the Fund's Articles of Association do not permit permanent trading activity. The formation of a separate trading company, therefore, would address this constraint while enabling the Fund to concentrate on its primary, charitable objectives and the trading subsidiary to focus on the commercial aspects of operating the vessel, engaging those with the requisite skills and competencies. In the Trustees' view, the purpose of returning Balmoral to operation was fundamentally to aid her preservation by using her, being the best means of attracting funding and wider public support; by producing net revenue from her operation once the business has become established; and by providing the best method for delivering educational benefits - a working ship.

MV BALMORAL FUND LIMITED

Trustees Report

For the year ended 30 June 2015 (Continued)

In September, the MCA completed their survey of the vessel and their review of supporting documentation prepared by SeaSpan Shipping, and indicated that they would issue the necessary loadline exemption and passenger safety certificates following inspection and drills with crew aboard. 'Grandfather' rights had been secured. It was also established that there would need to be a further dry-docking for hull inspection and the application of anti-fouling before any entry into passenger service in 2015. This marked a crucial turning point in the project and encouraged the Trustees to mount a further appeal for funds which realised over £60,000 in December 2014 and January 2015. The generosity shown by supporters from across the United Kingdom has been tremendous.

Several applications for funding were made during this period, but it became clear that the financial climate affecting public and private bodies alike was not encouraging. Nonetheless the Trustees are grateful for the modest but welcome support offered by Clevedon & Penarth Town Councils, who recognised the economic benefits of Balmoral's re-entry to service.

While awaiting the outcome of funding bids, work continued on:

- a) the budget for returning the ship to service;
- b) an operating schedule for 2015;
- c) the arrangements for further overhaul and hull inspection; and
- d) plans for the on-going professional management and operation of the ship.

The final critical pieces of the jigsaw were to secure ownership of the vessel and the funding to return her to service.

Discussions with representatives of her then owners, Waverley Steam Navigation Ltd. [WSN], had taken place at various times during the project culminating in a meeting at Southampton in April 2015, at which it became clear that consideration of a charter agreement was not practicable and that the only feasible alternative was for the Fund to purchase her. Although by this time, the Fund was financially responsible for most of the costs associated with her, it was understandable that having no further use for the vessel, WSN wished to be free of the legal and management responsibilities of owning the vessel as soon as possible. At this time the Trustees were encouraged that the CCF application had been accepted for consideration at the final stage, so that while an award was not guaranteed, it strengthened their resolve to go ahead with a purchase of the ship.

Detailed correspondence and discussions followed with the Heritage Lottery Fund [Scotland], as mortgagees, in relation to the exact terms of the replacement mortgage and with WSN as to the conditions, if any, to apply to the sale. A further but understandable complication was that WSN, a company and charity incorporated in Scotland, wished the sale, for a nominal £1 in recognition of the liabilities associated with ownership, to be conducted under the law applicable in Scotland. The process was a protracted one through no fault of any party but rather as a consequence of the complexity of all the issues involved, not least the detailed terms of the HLF mortgage on the ship.

One of the key factors in making real progress in a voluntary organisation is to seize opportunities which present themselves. The Trustees were delighted to receive an offer of help from CMS Cameron McKenna, a large international law and tax firm with offices in Bristol and elsewhere in the UK, including Scotland. They readily agreed to assist with the sale process on a pro bono basis. Their contribution to the project cannot be underestimated and we are indebted to Belinda Schofield, John Enoch, Rebecca Blinkhorn and James Horton for their unstinting help.

The outcome of this effort was that ownership of Balmoral transferred to the Fund on 2 April 2015, with the £1 purchase price being kindly donated by the Chairman of the Paddle Steamer Preservation Society, Iain Dewar.

MV BALMORAL FUND LIMITED

Trustees Report

For the year ended 30 June 2015 (Continued)

Meanwhile, by January 2015 and in the absence of other funding, the prospects for operation in 2015 were receding and the Trustees were making plans to place the ship on a minimal care and maintenance basis. However, in late January we were delighted to learn that our CCF bid had been successful. The award was £344,000 over 2 years, comprising capital grants for refurbishment of £120,000 and £70,000 in 2015/16 and 2016/17 respectively, and a revenue grant of £154,000 in 2015/16 for back office support to the operation of the ship in public service. The award recognised the innovative nature of the project, whereby Balmoral would help to create jobs and boost the economies of seaside resorts by bringing visitors in season. On 26 January the award was publicly announced on board Balmoral in Bristol by Stephen Williams, then MP for Bristol West and Parliamentary Under Secretary of State in the Department of Communities and Local Government.

There followed a period of intense activity to put arrangements in place to return Balmoral to service in June 2015. However, no contractual commitments could be entered into until the formal CCF project contract had been received and agreed in late February.

The Fund appointed trustees Andrew Jardine & Richard Mills as their representatives on the Board of its trading subsidiary. The Company, White Funnel Limited (WFL), was incorporated on 4 March 2015, the name reflecting with some humility the coastal cruising heritage of P & A Campbell Limited, the last commercial company dedicated to coastal passenger excursions and for whom Balmoral was their last operational ship. To assist WFL by contributing to working capital for the business, the Fund granted an interest free loan of £50,000 repayable on or after 31 October 2016. The first financial period for White Funnel Limited was set to end on 31 October 2015, reflecting the end of the cruising season. A report by the directors of that company on its first season of operation will be submitted to the Trustees of this Fund in due course.

In recognition of the need for White Funnel Limited to have some certainty in the arrangements for its use of Balmoral, the Fund agreed a bareboat charter of the ship to WFL for 5 years from 18 May 2015, terminable annually at the charterer's discretion, and on the basis that she would achieve MCA certification as a coastal passenger vessel.

An intense period of activity ensued to make sure that Balmoral achieved the necessary certifications to enter service as planned by WFL on 18 June at Bristol. The efforts of SeaSpan Shipping, Sharpness Shipyard & Drydock Co., officers and crew, volunteers, contractors and others are gratefully acknowledged in making sure that Balmoral did indeed return to service as planned and continued to operate throughout her season.

While it was the culmination of tremendous efforts by many, and the faith shown in the project by the CCF and donors, the Trustees are acutely aware that this achievement came at a heavy price. As in 2014, the dry-docking of the ship was not straightforward. Further hull plating needed to be replaced which resulted in far longer being spent in dry-dock than originally envisaged, partly as a result of some unsatisfactory work by sub-contractors. Additional expenditure, some unforeseen, was incurred as a result of regulatory changes and other requirements imposed by the MCA. Other work, notably re-painting and deck caulking, which was beyond the available resources of her regular volunteers, had to be undertaken by ship's personnel to make Balmoral fit for passenger service. The outcome was a ship that rightly met all the stringent safety requirements for her type, but the recommissioning costs in 2015 alone had escalated to some £264,000 against an initial estimate of £126,000. Almost £190,000 was expended or committed by WFL on behalf of the Fund of which £144,805 remains outstanding.

The Board has taken initial steps to meet this liability by seeking further funds from existing donors and by submitting a supplementary bid to the CCF, the result of which is awaited.

MV BALMORAL FUND LIMITED

Trustees Report For the year ended 30 June 2015 (Continued)

Financial review

The result for the year was a surplus of £414,608. This includes the transfer into the company of MV Balmoral as described in Note 9.

As noted above, the Trustees are delighted to acknowledge receipt of a significant grant from the Coastal Communities Fund (CCF). The CCF's financial year runs to 31 March and the total grant over the two years ending 31 March 2017 is £344,000. £172,201 has been included in these accounts for the year ended 30 June 2015. The grant is administered for the CCF by the Big Lottery Fund (BLF). We are pleased to report that a good relationship has been established with the BLF and they have been most helpful in quickly understanding our objectives and the tribulations inherent in operating a sea going vessel.

Without the receipt of the CCF grant it is doubtful that Balmoral would have re-entered service in June 2015. The grant was awarded at the end of February and in order to have Balmoral sailing in 2015 a tremendous amount of work had to take place, much of it having to commence before the ownership of the ship was actually transferred from Waverley Steam Navigation Ltd. A subsidiary company, White Funnel Limited (WFL), was set up to operate Balmoral and a charter agreement entered into. The charter assumed that Balmoral would be fully certificated and ready to operate. In fact, due to the time constraints WFL had to organise and undertake much of the commissioning work. This company accepts that expenditure of £ £144,805 (Note 12) is due to WFL in respect of this expenditure.

In last year's report we noted a desire to have free reserves of approximately £100,000 but that this was unlikely in the short term. At 30 June 2015 free reserves (ie unrestricted reserves less fixed assets) are in deficit by £50,112. The Director's policy is to continue to increase funds by applying for grants and making general purpose and specific appeals from time to time.

MV BALMORAL FUND LIMITED

Trustees Report

For the year ended 30 June 2015 (Continued)

Trustees' responsibilities in relation to the financial statements

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Charitable Company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Trustees are required to:

Select suitable accounting policies and then apply them consistently;
make judgements and estimates that are reasonable and prudent;
and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 enable them to ensure that the financial statements comply with the Companies Act 1985. 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, individually, are aware:

There is no relevant information of which the Charitable Company's examiner is unaware; and

the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the examiner is aware of that information.

Date: 11 December 2015

By order of the Board



Richard Mills
Director

21 South Close Green, Merstham, Redhill, Surrey, RH1 3DU

MV BALMORAL FUND LIMITED

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF MV BALMORAL FUND LIMITED For the year ended 30 June 2015

I report on the accounts of the Charity for the year ended 30 June 2015, which are set out on pages 13 to 18.

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to :

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the general directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

BASIS OF INDEPENDENT EXAMINER'S REPORT

My examination was carried out in accordance with the general directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

INDEPENDENT EXAMINER'S STATEMENT

In connection with my examination, no matter has come to my attention:


(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 130 of the 2011 Act; and
- to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Act

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

K M Adams FCA
Tarn Hows
Vinegar Hill
Milford on Sea
Lymington
SO41 0RZ



Dated:

12 December 2015

MV BALMORAL FUND LIMITED

**Statement of Financial Activities
For the year ended 30 June 2015**

| | <u>Notes</u> | <u>Unrestricted</u> <u>Funds</u> <u>£</u> | <u>Restricted</u> <u>Funds</u> <u>£</u> | <u>Total Funds</u> <u>2015</u> <u>£</u> | <u>2014</u> |
|-----------------------------------------------|--------------|-------------------------------------------------|-----------------------------------------------|-----------------------------------------------|----------------|
| Incoming Resources | | | | | |
| Incoming Resources from generated funds | | | | | |
| Voluntary Income | 2 | 640,742 | - | 640,742 | 172,740 |
| Grants received | 3 | - | 172,201 | 172,201 | - |
| Activities for generating funds | | - | - | - | - |
| Investment income | | - | - | - | - |
| Incoming resources from Charitable Activities | | | | | |
| | | - | - | - | - |
| Total Incoming Resources | | 640,742 | 172,201 | 812,943 | 172,740 |
| Resources Expended | | | | | |
| Costs of generating funds | 4 | 4,921 | - | 4,921 | 2,960 |
| Charitable activities | 5 | 212,320 | 169,000 | 381,320 | 159,985 |
| Governance costs | 6 | 12,094 | - | 12,094 | 1,214 |
| Total resources expended | | 229,335 | 169,000 | 398,335 | 164,159 |
| Net Income for the Year | 13 | 411,407 | 3,201 | 414,608 | 8,581 |
| Reconciliation of funds | | | | | |
| Funds brought forward | 13 | 8,581 | - | 8,581 | - |
| Total funds carried forward | 13 | 419,988 | 3,201 | 423,189 | 8,581 |

MV BALMORAL FUND LIMITED

**Balance Sheet
At 30 June 2015**

| | <u>Notes</u> | <u>2015</u> <u>£</u> | <u>2014</u> |
|-----------------------------------------------|--------------|-------------------------|---------------|
| Fixed Assets | | | |
| Tangible Assets | 9 | 470,000 | - |
| Investment | 10 | 100 | - |
| | | <u>470,100</u> | <u>-</u> |
| Current Assets | | | |
| Debtors | 11 | 48,068 | 6,466 |
| Cash at Bank and in hand | | <u>92,606</u> | <u>71,804</u> |
| | | 140,674 | 78,270 |
| Less: | | | |
| Creditors: Amounts due within one year | 12 | 187,585 | 69,689 |
| Net Current (Liabilities)/Assets | | <u>(46,911)</u> | <u>8,581</u> |
| Net Assets | | <u>423,189</u> | <u>8,581</u> |
| The Funds of the Charity | | | |
| Restricted Income Funds | 13 | 3,201 | - |
| Unrestricted Income Funds | 13 | 419,988 | 8,581 |
| Total Charity Funds | 13 | <u>423,189</u> | <u>8,581</u> |

The directors are satisfied that the company is entitled to exemption from the requirement to obtain an audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The accounts have been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

The financial statements on pages 13 to 18 were approved by the Board of Directors and authorised for issue on 11 December 2015 and were signed on its behalf by:



Richard Mills
Director -

11 December 2015

MV BALMORAL FUND LIMITED

**Notes to the Financial Statements
For the year ended 30 June 2015**

1 Principal Accounting Policies

The financial statements have been prepared in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) and in compliance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005, UK Accounting Standards and the Charities Act 2011. A summary of the material accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting, modified to include the revaluation of MV Balmoral.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation.
MV Balmoral is being depreciated on a straight line basis over 15 years to a residual value of £50,000.

Fixed asset investment

Investments held as fixed assets are held at cost, less provision for any impairment in value.

Incoming resources

Donations and income from subscriptions are credited on the statement of financial activities in the year in which they are received. Income relating to restricted funds is separately disclosed.

No amounts are included in the financial statements for services donated by volunteers.

Resources expended

Resources expended are recognised when a liability is incurred.

Cost of generating funds are those costs incurred in attracting voluntary income.

Charitable activities includes resources expended associated with the maintenance and overhaul of MV Balmoral, equipment and any support costs associated with those activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Fund accounting

Unrestricted funds are defined as grants, sponsorship and other income received or generated for the objectives of the Charity without further specified purpose and which are available as general funds.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, will be identified to the fund.

MV BALMORAL FUND LIMITED

**Notes to the Financial Statements
For the year ended 30 June 2015 (Continued)**

2 Voluntary Income

| | <u>Unrestricted Funds</u> | <u>Restricted Funds</u> | <u>Total Funds</u> | |
|----------------------------------------------|-------------------------------|-----------------------------|--------------------|----------------|
| | <u>£</u> | <u>£</u> | <u>2015</u> | <u>2014</u> |
| | | | <u>£</u> | |
| MV Balmoral (Note 9) | 500,000 | - | 500,000 | - |
| Donations - with Gift Aid | 66,206 | - | 66,206 | 107,024 |
| Donations - without Gift Aid | 31,388 | - | 31,388 | 16,013 |
| Donations - Charity's Aid Foundation cheques | | | | |
| | 3,550 | - | 3,550 | 9,863 |
| Donations - Received online | 16,376 | - | 16,376 | 5,029 |
| Membership - with Gift Aid | 60 | - | 60 | 120 |
| Membership - without Gift Aid | - | - | - | 20 |
| Other Income | 227 | - | 227 | 6,661 |
| Gift Aid reclaimed | 20,457 | - | 20,457 | 28,010 |
| Sales | 2,478 | - | 2,478 | - |
| | 640,742 | - | 640,742 | 172,740 |

3 Grants received

| | <u>Unrestricted Funds</u> | <u>Restricted Funds</u> | <u>Total Funds</u> | |
|--------------------------|-------------------------------|-----------------------------|--------------------|-------------|
| | | | <u>2015</u> | <u>2014</u> |
| | | | | |
| Coastal Communities Fund | - | 169,000 | 169,000 | - |
| Avon Valley Trading | - | 3,201 | 3,201 | - |
| | - | 172,201 | 172,201 | - |

The amounts received from the Coastal Communities Fund are £120,000 in respect of capital work for the grant year ended 31 March 2015 and £49,000 revenue grant for the quarter ended 30 June 2015.

4 Costs of generating funds

| | <u>Unrestricted Funds</u> | <u>Restricted Funds</u> | <u>Total Funds</u> | |
|----------------------------|-------------------------------|-----------------------------|--------------------|-------------|
| | <u>£</u> | <u>£</u> | <u>2015</u> | <u>2014</u> |
| | | | <u>£</u> | |
| Publicity and fund raising | 4,921 | - | 4,921 | 2,960 |

5 Charitable Activities

| | <u>Unrestricted Funds</u> | <u>Restricted Funds</u> | <u>Total Funds</u> | |
|-------------------------------------|-------------------------------|-----------------------------|--------------------|----------------|
| | <u>£</u> | <u>£</u> | <u>2015</u> | <u>2014</u> |
| | | | <u>£</u> | |
| Ship - Hull and Machinery | 150,466 | - | 150,466 | 3,788 |
| Ship - Insurance | 16,276 | - | 16,276 | 4,934 |
| Ship - Catering and accommodation | 667 | - | 667 | 409 |
| Ship - Survey costs | 2,674 | 120,000 | 122,674 | 144,927 |
| Ship - Marine Consultancy and Fees | 12,237 | - | 12,237 | 5,927 |
| MV Balmoral - Depreciation (Note 9) | 30,000 | - | 30,000 | - |
| Grant - White Funnel Limited | - | 49,000 | 49,000 | - |
| | 212,320 | 169,000 | 381,320 | 159,985 |

6 Governance costs

| | <u>Unrestricted Funds</u> | <u>Restricted Funds</u> | <u>Total Funds</u> | |
|----------------|-------------------------------|-----------------------------|--------------------|--------------|
| | <u>£</u> | <u>£</u> | <u>2015</u> | <u>2014</u> |
| | | | <u>£</u> | |
| Insurance | 523 | - | 523 | 319 |
| Administration | 11,571 | - | 11,571 | 895 |
| | 12,094 | - | 12,094 | 1,214 |

MV BALMORAL FUND LIMITED

Notes to the Financial Statements

For the year ended 30 June 2015 (Continued)

7 Taxation

The Company is a registered charity and is exempt from taxation under S505 Taxes Act 1988. The Company is not registered for Value Added Tax.

8 Directors and employees

The average weekly number of staff of the company during the year was 8 all of whom were Directors who are not entitled to receive remuneration in respect of their services. Reasonable and necessary out of pocket expenses are reimbursed where considered appropriate. Travelling and out of pocket expenses of £3211 were reimbursed to Directors in 2015. Donations to the Fund by Directors during the year amounted to £8432.

9 Tangible Fixed Assets

| | <u>MV Balmoral</u> | <u>Total</u> |
|---------------------------------------|--------------------|----------------|
| | <u>£</u> | <u>£</u> |
| <u>Cost and Valuation</u> | | |
| At 1 July 2014 | - | - |
| Donated | 1 | 1 |
| Revaluation | 499,999 | 499,999 |
| At 30 June 2015 | <u>500,000</u> | <u>500,000</u> |
| <u>Depreciation</u> | | |
| At 1 July 2014 | - | - |
| Depreciation | 30,000 | 30,000 |
| At 30 June 2015 | <u>30,000</u> | <u>30,000</u> |
| <u>Net book value at 30 June 2015</u> | <u>470,000</u> | <u>470,000</u> |

The transfer of MV Balmoral from Waverley Steam Navigation (WSN) took place in April 2015. The transfer was at a nominal amount of £1 which was provided by the Chairman of the Paddle Steamer Preservation Society. The ship has effectively been gifted from one charity to the other. The Trustees have reviewed the value of MV Balmoral, taking into consideration the amounts spent on her regeneration by WSN, the likely working life of the new engines installed in 2003 and the mortgage arrangements with the National Heritage Memorial Fund. Their conclusion is to value the ship at £500,000 and depreciate it over 15 years to a residual value of £50,000.

The Trustees of the National Heritage Memorial Fund have a mortgage on the ship as security for funding received by WSN for the regeneration work referred to above.

MV BALMORAL FUND LIMITED

**Notes to the Financial Statements
For the year ended 30 June 2015 (Continued)**

10 Fixed Asset Investment

| | <u>2015</u> | <u>2014</u> |
|---------------------------------|-------------|-------------|
| | <u>£</u> | <u>£</u> |
| Shares in White Funnel Limited: | | |
| 100 Ordinary £1 shares | 100 | - |

The company owns the whole of the issued share capital of White Funnel Limited. White Funnel Limited is an unlisted company registered in England and Wales.

11 Debtors

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total Funds</u> | |
|---------------------|---------------------|-------------------|--------------------|--------------|
| | <u>Funds</u> | <u>Funds</u> | <u>2015</u> | <u>2014</u> |
| | <u>£</u> | <u>£</u> | <u>£</u> | |
| Other Debtors | 1,000 | 41,806 | 42,806 | 450 |
| Taxation - Gift Aid | 5,262 | - | 5,262 | 6,016 |
| | <u>6,262</u> | <u>41,806</u> | <u>48,068</u> | <u>6,466</u> |

Other debtors includes £41,806 received from the Coastal Communities Fund in July 2015 in respect of the remaining capital grant for the year ended 31 March 2015.

12 Creditors - amounts due within one year

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total Funds</u> | |
|---------------------------------|---------------------|-------------------|--------------------|---------------|
| | <u>Funds</u> | <u>Funds</u> | <u>2015</u> | <u>2014</u> |
| | <u>£</u> | <u>£</u> | <u>£</u> | |
| Trade creditors | 235 | - | 235 | 68,458 |
| Amounts due to White Funnel Ltd | 138,350 | - | 138,350 | - |
| Other creditors | - | 49,000 | 49,000 | - |
| Accruals | - | - | - | 1,231 |
| | <u>138,585</u> | <u>49,000</u> | <u>187,585</u> | <u>69,689</u> |

Amounts due to White Funnel Ltd include £43,545 in respect of the ship's survey and £144,805 commissioning costs incurred by White Funnel, less £50,000 interest free loan from this company as initial working capital. The loan is repayable on or after 30 October 2016.

Other creditors represent the revenue grant for the quarter ended 30 September 2015 received in advance from the Coastal Communities Fund.

13 Fund balances

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total Funds</u> | |
|-------------------------|---------------------|-------------------|--------------------|--------------|
| | <u>Funds</u> | <u>Funds</u> | <u>2015</u> | <u>2014</u> |
| Balance brought forward | 8,581 | - | 8,581 | 8,581 |
| Surplus for the year | 411,407 | 3,201 | 414,608 | - |
| Balance carried forward | <u>419,988</u> | <u>3,201</u> | <u>423,189</u> | <u>8,581</u> |

14 Constitution

The Company has no share capital and is limited by guarantee. In the event of a winding up, each member of the Company is liable to contribute an amount not exceeding £10. At 30 June 2015 the number of members was 22.

15 Control

The Company is under the control of the Board of Trustees.