

Company no. 08555385

Charity no. 1155339

MV Balmoral Fund Limited
Report and audited financial statements
31 October 2016

MV Balmoral Fund Limited

Reference and administrative details

For the period ended 31 October 2016

| | |
|----------------------------|--|
| Company number | 08555385 |
| Charity number | 1155339 |
| Registered office | 21 South Green Close Merstham Redhill Surrey RH1 3DU |
| Operational address | 70 Prince Street Bristol BS1 4QD |
| Trustees | Trustees, who are also directors under company law, who served during the period and up to the date of this report were as follows: D G Bassett P M Doubler M B F Floyd Captain R S Francis A J Jardine G H Krouwel A G Lewis H R A Mills Dr J D Naysmith J R Thomas terminated 1 August 2015 re-appointed 29 March 2017 terminated 4 January 2016 terminated 5 April 2016 appointed 4 August 2015 appointed 23 January 2017 |
| Bankers | Lloyds Bank PLC PO Box 1000 Andover BX1 1LT |
| Solicitors | Lancaster Parr Pear Tree House Wanstrow Somerset BA4 4TF CMS Cameron McKenna LLP College Square 2 Anchor Road Bristol BS1 5UE Stone King LLP 13 Queen Square Bath BA1 2HJ |
| Auditors | Godfrey Wilson Limited Chartered accountants and statutory auditors 5th Floor Mariner House 62 Prince Street Bristol BS1 4QD |

MV Balmoral Fund Limited

Reference and administrative details

For the period ended 31 October 2016

| | |
|---------------------------|---|
| Marine consultants | Seaspan Shipping Limited Resigned 13 May 2016 Woodside House 20 - 23 Woodside Place Glasgow G3 7QF |
| | AW Ship Management Ltd Appointed 13 May 2016 9 Alie Street London E1 8DE |

MV Balmoral Fund Limited

Report of the trustees

For the period ended 31 October 2016

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (effective from January 2015).

Objectives and activities

The principal activity of MV Balmoral Fund Limited (MVBFL) 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.

The charity 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 continue the refurbishment of MV Balmoral and to support its trading subsidiary, White Funnel Limited, to achieve a successful and sustainable return of MV Balmoral to coastal passenger excursion service. Being able to carry passengers on coastal excursions not only serves as the best means to preserve Balmoral in operating condition in furtherance of its charitable objects, but enables a wide and geographically dispersed spectrum of the public to experience, enjoy and learn from sailing aboard her.

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, in support of these aims. Without their professionalism and enthusiasm the project would not have reached success in reaching its primary objectives.

Achievements and performance

In the previous report, we referred to the charity and Balmoral experiencing a tumultuous year, with both notable successes and periods of extreme difficulty. The period covered by this report continues those themes, which to a degree are an inherent feature of maintaining and operating a heritage ship in a unique market in modern times.

Balmoral successfully completed her first year of renewed operation in late September 2015 and was laid up at her usual winter berth at Princes Wharf, Bristol with the kind cooperation of Bristol City Council and M Shed, the adjacent industrial museum and venue.

The award of the Coastal Communities Fund 2-year grant was critical in enabling Balmoral's return to service in 2015 but left little to set up and prepare the business to meet this challenge. The result was that Balmoral, while generally operating successfully both mechanically and operationally, was in service for a shorter period than would have been desirable to cover the fixed costs of commissioning her and with inadequate time to develop the market for group and charter business.

MV Balmoral Fund Limited

Report of the trustees

For the period ended 31 October 2016

The previous report noted that the cost of commissioning Balmoral for service in 2015 far exceeded the CCF grant provided for this purpose, leaving White Funnel Limited to carry the excess temporarily through utilising its passenger and other revenues. There were also concerns that experience had shown the auxiliary power generators for electric supply for deck machinery, lighting, etc., required urgent attention to give greater confidence for Balmoral's reliable operation.

As a result of these factors and the general need to continue refurbishment of the vessel, the charity launched a major appeal in late 2015. No doubt encouraged by her operation in 2015 this attracted a good response from private donors and supporters, raising £40,000 between October 2015 and March 2016. The trustees were greatly encouraged by this response and remain grateful for the continuing support of many donors. This enabled the charity to repay its debt to White Funnel Limited in instalments to June 2016.

In late July 2015, with the support of the CCF, the charity also submitted a supplementary bid to the CCF in respect of the cost of commissioning the ship in 2015 over and above the CCF grant for that work and to assist with generator refurbishment or renewal. Unfortunately, the decision-making process became extremely protracted. Ultimately, only the second element of the bid was accepted, though the decision came too late for any meaningful work in that respect to be planned for the 2015/16 Winter. In due course the CCF accepted that the grant of £52,000 could be used for general refurbishment and it was accordingly applied to the 2016 refit.

Unfortunately, the stop gap remedial work put in hand on Balmoral's starboard auxiliary generator during the 2015/16 winter did not prove to be successful and an emergency rebuild of the engine had to be undertaken in Spring 2016. Also, around that time, the technical managers, SeaSpan Shipping of Glasgow, announced their intention to withdraw from the contract on completion of her 2016 refit in order to concentrate on other interests. We are pleased to acknowledge the unstinting support of SeaSpan Shipping in caring for Balmoral on behalf of the charity.

White Funnel Limited was left with no option but to invite firms to submit proposals to take on the technical and safety management roles previously undertaken by SeaSpan and selected AW Ship Management Limited, which inter alia, had experience of managing Hebridean Princess and St. Helena.

It is worth remembering at this point that the charity's articles of association do not permit permanent trading activity, so that all operational and commercial aspects of its activities are carried out through White Funnel Limited.

In 2015 Balmoral's operation was confined to the Bristol Channel and North Wales / Irish Sea areas, both of which are to varying degrees susceptible to weather cancellations. As a consequence the directors of White Funnel Limited decided that it would be appropriate to widen her area of operation in 2016 to include the Thames and the Solent, and also the Clyde in late September, when PS Waverley has gone south. This also meant that Balmoral could appear in areas of the UK which had been particularly supportive of the charity financially. It also required significant volunteer effort in those new areas to market and support the operation of the ship, on which Balmoral is reliant. The trustees were delighted that volunteers came forward in those areas, to supplement the unstinting efforts of those in the North West and Bristol Channel.

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Report of the trustees

For the period ended 31 October 2016

Balmoral's re-entry into service was slightly delayed due to the generator issue referred to above, but she successfully operated a while-ship booking by a local organisation on Saturday 14 May. Unfortunately, the good start was not to last as on light passage from Penarth to Swansea on Monday, 16 May she suffered serious damage to one of her port shaft bearings which took her out of service for 11 days and affected the rest of her Bristol Channel sailings in May and the start of her period on the Thames. Further engineering issues came to lights at various points during the season and despite successful operation in the North-West and at the start of the Bristol Channel main season in July, she suffered a further serious period off-service when the starboard main engine management system failed on passage from Penarth to Clevedon. Apart from the anticipated weather disruption on the Bristol Channel, further days were lost with a recurrence of the problems with the starboard Lister generator.

Although Balmoral was able to complete her season as scheduled, it was clear to the trustees that White Funnel Limited would require substantial financial support in order to be in a position to refit the ship for service in 2017. Extensive legal advice was taken and the trustees remain indebted to the ready assistance it has received from both CMS Cameron McKenna LLP and Lancaster Parr in that respect. Consequently, with some trepidation, the trustees launched a major appeal in October 2016, the success of which will determine whether Balmoral is able to operate in 2017.

Amidst these uncertainties and difficulties, the trustees were delighted to be advised of the benefits of two substantial donations. A long term supporter, Mr John James of Bath, sadly passed away in early 2016 and remembered the charity in his will. The executors are currently seeking to liquidate his estate and a number of charity donors have stepped in to make loans to the charity to a conservative estimate of the net proceeds from the charity's share of the estate, which will be fully reflected in next year's accounts. The charity also benefitted from a major donation from Mr Phillip Cade in respect of the late Isabella Cade which has already been applied to secure the donor's intention in furthering Balmoral's refurbishment.

Supporting the operation of a heritage ship in today's market and rightly stringent safety environment was never going to be easy. Although the results from the trading operation leave substantial room for improvement, affected in 2016 in large part as they were by reliability issues, these have shown a significant increase in passenger numbers in 2016 to over 22,000 compared to 15,000 in 2015.

It is worth remembering that commercial operation of large coastal passenger-only vessels ceased in 1980 when P & A Campbell Ltd and the Landmark Trust finally withdrew from their agreement to operate Balmoral on the Bristol Channel. Nonetheless the Trustees are very encouraged by the strength of support across the UK for the continued operation of a ship that is versatile and can access areas which others cannot. We are also mindful that as the years pass, she is of increasing historic significance as a surviving product of post World War II British marine engineering and maritime operations. We believe many of her passengers and visitors already appreciate her significance in this respect as well as the opportunities she provides for the public to witness conventional ship operation in many areas otherwise unavailable to the general public. The challenge for the charity is to build on that public awareness and develop volunteer support and funding streams which will enable Balmoral to remain in service.

MV Balmoral Fund Limited

Report of the trustees

For the period ended 31 October 2016

Financial review

The consolidated result for the period was a deficit of £40,790.

In their last report, the trustees acknowledged receipt of a significant grant from the Coastal Communities Fund (CCF). The CCF's financial year runs to 31 March and the original grant over the two years ending in 31 March 2017 was for £344,000. An additional grant of £52,000 was received making a total of £396,000. £218,000 was included in the 2015 accounts and the remaining £178,000 has been included in these accounts for the period ended 31 October 2016. The trustees again acknowledge the enormous contribution the CCF grant has made to bringing Balmoral back into service.

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 the free reserves of the charity (i.e. unrestricted reserves less fixed assets) were in deficit by £43,056. The equivalent figure at 31 October 2016 is a deficit of £43,846. The trustees are not complacent about this and recognise the continuing need to increase funds by applying for grants and making general purpose and specific appeals from time to time.

Membership

The trustees had long been aware that formal membership of the charity had not been actively encouraged since shortly after its inception. Some existing members were strongly of the view that the status quo should be maintained and that perhaps a separate supporters' association offering something short of full membership of the company should be established. However, after due consultation, the trustees took the view that as a charity and in the interests of broadening its potential support base, wider formal membership must be encouraged. A membership drive was launched accordingly in June 2016 and we are pleased to report that membership rose from 23 to 143 as a result by 31 October 2016 and continues to grow.

Plans for future periods

Through its trading subsidiary, White Funnel Limited, the trustees wish to see Balmoral continue to provide summer day excursions. They believe this is the best way in which Balmoral and the experience of the traditional coastal excursion, can be brought to the public and thus discharge a substantial element of the charitable objectives. The trustees also aim to promote membership of the charity and to encourage supporters to consider leaving a legacy to the charity when reviewing their financial affairs.

MV Balmoral Fund Limited

Report of the trustees

For the period ended 31 October 2016

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 | |
| P M Doubler | |
| M B F Floyd | terminated 1 August 2015, re-appointed 29 March 2017 |
| Captain R S Francis | terminated 4 January 2016 |
| A J Jardine | |
| G H Krouwel | terminated 5 April 2016 |
| A G Lewis | appointed 4 August 2015 |
| H R A Mills | |
| Dr J D Naysmith | |
| J R Thomas | appointed 23 January 2017 |

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.

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.

The previous report covered the period to 30 June 2015, this being the end of the month following the anniversary of the charity's formation. The operation of MV Balmoral is carried out through the charity's wholly owned subsidiary, White Funnel Limited, formed in March 2015. It immediately became clear that it was not sensible for the two companies to have different financial periods. Therefore, both companies decided to amend their accounting dates to end on 31 October 2016, reflecting the seasonal nature of Balmoral's operation. This report thus covers the period from 1 July 2015 to 31 October 2016 and the next report will cover the year to 31 October 2017.

MV Balmoral Fund Limited

Report of the trustees

For the period ended 31 October 2016

Related parties

The company has effective links with various branches of the Paddle Steamer Preservation Society (PSPS), which has accorded MV Balmoral Fund Ltd 'allied' status. It also operates in association with the National Piers Society. This recognises the commonality of interest between these organisations in seeking to ensure that suitable infrastructure remains available to coastal excursion ships and the mutual benefit that can accrue where close cooperation is achieved.

Balmoral is chartered to White Funnel Ltd for five years from 18 May 2015. The Charter fee is £1 per month and the arrangement can be terminated annually at the charterer's discretion.

The charity also acknowledges the continued support of the Coastal Communities Fund in making grants for the further refurbishment and refit of Balmoral in readiness for her 2016 season of operation.

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, has developed systems to monitor and control these risks to manage any impact that they may have on the company in the future.

Statement of responsibilities of the trustees

The trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing those 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;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

The trustees confirm that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware. The trustees also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

Members of the charity guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up. The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity. At 31 October 2016 the number of guarantees was 143 (30 June 2015: 22).

MV Balmoral Fund Limited

Report of the trustees

For the period ended 31 October 2016

Auditors

Godfrey Wilson Limited were appointed as auditors to the charitable company during the period.

Approved by the trustees on 29 September 2017 and signed on their behalf by

J. R. THOMAS
Richard Mills

Independent auditors' report

To the members of

MV Balmoral Fund Limited

We have audited the financial statements of MV Balmoral Fund Limited for the period ended 31 October 2016 which comprise the consolidated statement of financial activities, consolidated and parents balance sheets, consolidated statement of cash flows and the related notes. 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).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances, and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 October 2016 and of the total incoming resources of the parent charitable company and its subsidiary, and the application of resources, including the income and expenditure of the group, 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.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent auditors' report

To the members of

MV Balmoral Fund Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to accounting policy 1c, the balance sheet which shows that the group had negative unrestricted general funds of (£47,046) (2015: (£95,256)) and note 13 which shows that the trading subsidiary made a loss of (£251,264) (2015: (£45,245)). This indicates the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern.

Date:

Rob Wilson FCA

(Senior Statutory Auditor)

For and on behalf of:

GODFREY WILSON LIMITED

Chartered accountants and statutory auditors

5th Floor Mariner House

62 Prince Street

Bristol

BS1 4QD

MV Balmoral Fund Limited

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the period ended 31 October 2016

| | | | | 16 months ended 31 October 2016 | Restated Year ended 30 June 2015 |
|---|------|-----------------|-------------------|--|---|
| | Note | Restricted £ | Unrestricted £ | Total £ | Total £ |
| Income (and endowments) from: | | | | | |
| Donations and legacies | 3 | - | 340,938 | 340,938 | 138,176 |
| Charitable activities | 4 | 178,000 | 1,218,519 | 1,396,519 | 251,931 |
| Other trading activities | 5 | - | 24,829 | 24,829 | 313 |
| Investments | | - | - | - | - |
| Other | | - | 9,281 | 9,281 | 2,392 |
| Total income (and endowments) | | 178,000 | 1,593,567 | 1,771,567 | 392,812 |
| Expenditure on: | | | | | |
| Raising funds | | - | 2,307 | 2,307 | 4,921 |
| Charitable activities | | 227,000 | 1,583,050 | 1,810,050 | 469,526 |
| Other | | - | - | - | - |
| Total expenditure | 7 | 227,000 | 1,585,357 | 1,812,357 | 474,447 |
| Net gains / (losses) on investments | | - | - | - | - |
| Net income / (expenditure) | | (49,000) | 8,210 | (40,790) | (81,635) |
| Transfers between funds | | - | - | - | - |
| Other recognised gains / (losses): | | | | | |
| Gains / (losses) on revaluation of fixed assets | | - | - | - | 499,999 |
| Net movement in funds | 8 | (49,000) | 8,210 | (40,790) | 418,364 |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 52,201 | 374,743 | 426,944 | 8,580 |
| Total funds carried forward | | 3,201 | 382,953 | 386,154 | 426,944 |

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the accounts.

The 2015 comparatives have been restated in line with the Charities SORP (FRS 102). The restatements are purely reclassifications of income and expenditure and do not affect net income.

MV Balmoral Fund Limited

Consolidated balance sheets

As at 31 October 2016

| | Note | The group 31 October 2016 £ | Restated The group 30 June 2015 £ | The charity 31 October 2016 £ | Restated The charity 30 June 2015 £ |
|---|--------|--------------------------------------|---|--|---|
| Fixed assets | | | | | |
| Heritage assets | 11 | 430,000 | 470,000 | 430,000 | 470,000 |
| Investments | 12, 13 | - | - | 100 | 100 |
| | | <u>430,000</u> | <u>470,000</u> | <u>430,100</u> | <u>470,100</u> |
| Current assets | | | | | |
| Stocks | 15 | 9,092 | - | - | - |
| Debtors | 16 | 146,508 | 60,727 | 193,038 | 48,068 |
| Cash at bank and in hand | | <u>91,906</u> | <u>212,492</u> | <u>61,448</u> | <u>92,606</u> |
| | | <u>247,506</u> | <u>273,219</u> | <u>254,486</u> | <u>140,674</u> |
| Liabilities | | | | | |
| Creditors: amounts falling due within 1 year | 17 | <u>(181,007)</u> | <u>(194,190)</u> | <u>(3,850)</u> | <u>(138,585)</u> |
| Net current assets / (liabilities) | | <u>66,499</u> | <u>79,029</u> | <u>250,636</u> | <u>2,089</u> |
| Total assets less current liabilities | | <u>496,499</u> | <u>549,029</u> | <u>680,736</u> | <u>472,189</u> |
| Creditors: amounts falling due after more than 1 year | 18 | <u>(110,345)</u> | <u>(122,085)</u> | - | - |
| Net assets / (liabilities) | 19 | <u>386,154</u> | <u>426,944</u> | <u>680,736</u> | <u>472,189</u> |
| Funds | | | | | |
| Restricted funds | 20 | 3,201 | 52,201 | 3,201 | 52,201 |
| Revaluation reserve | | 429,999 | 469,999 | 429,999 | 469,999 |
| General funds | | <u>(47,046)</u> | <u>(95,256)</u> | <u>247,536</u> | <u>(50,011)</u> |
| Total charity funds | | <u>386,154</u> | <u>426,944</u> | <u>680,736</u> | <u>472,189</u> |

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 29 September 2017 and signed on their behalf by

J. R. Thomas
Richard Mills

MV Balmoral Fund Limited

Consolidated statement of cash flows

For the period ended 31 October 2016

| | 16 months ended 31 October 2016 £ | Year ended 30 June 2015 £ |
|---|--|--|
| Cash used in operating activities: | | |
| Net movement in funds | (40,790) | 418,364 |
| Adjustments for: | | |
| Depreciation charges | 40,000 | 30,000 |
| (Gains) / losses on revaluation | - | (499,999) |
| Decrease / (increase) in stock | (9,092) | - |
| Decrease / (increase) in debtors | (85,781) | (54,261) |
| Increase / (decrease) in creditors | (24,923) | 246,586 |
| Net cash provided by / (used in) operating activities | (120,586) | 140,690 |
| Cash flows from investing activities: | | |
| Purchase of tangible fixed assets | - | (1) |
| Net cash provided by / (used in) investing activities | - | (1) |
| Increase / (decrease) in cash and cash equivalents in the year | (120,586) | 140,689 |
| Cash and cash equivalents at the beginning of the year | 212,492 | 71,803 |
| Cash and cash equivalents at the end of the year | 91,906 | 212,492 |

MV Balmoral Fund Limited

Notes to the financial statements

For the period ended 31 October 2016

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

MV Balmoral Fund Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

b) Group accounts

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiaries on a line by line basis. Transactions and balances between the charitable company and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

c) Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern, which the trustees consider appropriate having regards to the increases in the level of income that the ship is generating, improvements to the way that the ship is operating and commitments made from existing donors and funders.

d) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition no restatement was required.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from the government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

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Notes to the financial statements

For the period ended 31 October 2016

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executors to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of provision of a specified service is deferred until criteria for income recognition are met.

f) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item, is probable and the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity: this is normally upon notification of the interest paid or payable by the bank.

h) Funds accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

MV Balmoral Fund Limited

Notes to the financial statements

For the period ended 31 October 2016

j) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities on the following basis:

| | |
|-----------------------|--------|
| Fundraising events | 0.0% |
| General fundraising | 0.0% |
| Charitable activities | 100.0% |

k) Tangible fixed assets

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

| | |
|------|--|
| Ship | straight line over 15 years to residual value of £50,000 |
|------|--|

Items of equipment are capitalised where the purchase price exceeds £1,500, except where it is an integral part of MV Balmoral's equipment.

l) Stock

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) 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.

o) Financial instruments

The trust 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 bank loans which are subsequently recognised at amortised cost using the effective interest method.

p) Pension costs

The company does not operate a pension scheme.

q) Foreign currency transactions

Transactions in foreign currencies are translated at rates prevailing at the date of the transaction. Balances denominated in foreign currencies are translated at the rate of exchange prevailing at the year end.

r) Transition to FRS 102

No restatement of the opening fund position was required in making the transition to FRS 102. The transition date was 1 July 2015.

MV Balmoral Fund Limited

Notes to the financial statements

For the period ended 31 October 2016

s) Prior year adjustment

Prior year adjustments have been made with regards to the recognition of grant income, the revaluation of fixed assets and the reclassification of fixed assets as a heritage asset. The effect on reserves is shown in note 23.

2. Prior period comparatives

| | Restricted £ | Unrestricted £ | Restated 2015 Total £ |
|---|-----------------|-------------------|--------------------------------|
| Income from: | | | |
| Donations and legacies | - | 138,176 | 138,176 |
| Charitable activities | 221,201 | 30,730 | 251,931 |
| Other trading activities | - | 313 | 313 |
| Investments | - | - | - |
| Other | - | 2,392 | 2,392 |
| Total income | 221,201 | 171,611 | 392,812 |
| Expenditure on: | | | |
| Raising funds | - | 4,921 | 4,921 |
| Charitable activities | 169,000 | 300,526 | 469,526 |
| Other | - | - | - |
| Total expenditure | 169,000 | 305,447 | 474,447 |
| Net income / (expenditure) | 52,201 | (133,836) | (81,635) |
| Transfers between funds | - | 8,580 | 8,580 |
| Other recognised gains / (losses): | | | |
| Gains / (losses) on revaluation of fixed assets | - | 499,999 | 499,999 |
| Net movement in funds | 52,201 | 374,743 | 426,944 |

MV Balmoral Fund Limited

Notes to the financial statements

For the period ended 31 October 2016

3. Income from donations and legacies

| | Restricted | Unrestricted | 2016 Total | Restated 2015 Total |
|---|------------|----------------|----------------|---------------------------|
| | £ | £ | £ | £ |
| Donations with gift aid | - | 72,127 | 72,127 | 86,688 |
| Donations without gift aid | - | 126,366 | 126,366 | 31,388 |
| Donations Charities Aid Foundation | - | 1,419 | 1,419 | 3,550 |
| Donations received online | - | 2,282 | 2,282 | 16,490 |
| Membership with gift aid | - | 5,406 | 5,406 | 60 |
| Membership without gift aid | - | 3,338 | 3,338 | - |
| Legacies | - | 130,000 | 130,000 | - |
| Total income from donations and legacies | - | 340,938 | 340,938 | 138,176 |

4. Income from charitable activities

| | Restricted | Unrestricted | 2016 Total | Restated 2015 Total |
|--|----------------|------------------|------------------|---------------------------|
| | £ | £ | £ | £ |
| Grants | | | | |
| Coastal Communities Fund | 178,000 | - | 178,000 | 218,000 |
| Avon Valley Trading | - | - | - | 3,201 |
| Ship excursions | - | 1,218,519 | 1,218,519 | 30,730 |
| Total income from charitable activities | 178,000 | 1,218,519 | 1,396,519 | 251,931 |

5. Income from other trading activities

| | Restricted | Unrestricted | 2016 Total | 2015 Total |
|---|------------|---------------|---------------|---------------|
| | £ | £ | £ | £ |
| Raffle | - | 8,943 | 8,943 | 313 |
| Events | - | 15,886 | 15,886 | - |
| Total income from other trading activities | - | 24,829 | 24,829 | 313 |

6. Government grants

The charitable company received government grants, defined as funding from the Coastal Communities Fund. The total value of such grants in the period ending 31 October 2016 was £178,000 (2015: £218,000). There are no unfulfilled conditions or contingencies attaching to these grants in 2015/16.

MV Balmoral Fund Limited

Notes to the financial statements

For the period ended 31 October 2016

7. Total resources expended

| | Raising funds £ | Charitable activities £ | Support costs £ | 2016 Total £ | 2015 Total £ |
|------------------------------------|--------------------|-------------------------------|--------------------|------------------|-----------------|
| Administrative expenses | - | 31,339 | - | 31,339 | 7,441 |
| Audit and accountancy | - | - | 3,850 | 3,850 | - |
| Bank charges | - | 16,534 | - | 16,534 | 114 |
| Crew pay and costs | - | 560,338 | - | 560,338 | 31,614 |
| Depreciation | - | 40,000 | - | 40,000 | 30,000 |
| Event costs | - | 3,965 | - | 3,965 | - |
| Governance | - | - | 343 | 343 | 3,475 |
| Insurance | - | 33,132 | - | 33,132 | 19,308 |
| Office wages and salaries (note 9) | - | 141,837 | - | 141,837 | 13,438 |
| Printing, postage and stationery | - | 44,999 | - | 44,999 | 13,897 |
| Publicity and fundraising | 2,307 | - | - | 2,307 | 4,921 |
| Ship excursion costs | - | 867,198 | - | 867,198 | 73,629 |
| Ship repairs and renewals | - | 63,290 | - | 63,290 | 276,427 |
| Travel and subsistence | - | 3,225 | - | 3,225 | 183 |
| Sub-total | 2,307 | 1,805,857 | 4,193 | 1,812,357 | 474,447 |
| Allocation of support costs | - | 4,193 | (4,193) | - | - |
| Total expenditure | 2,307 | 1,810,050 | - | 1,812,357 | 474,447 |

MV Balmoral Fund Limited

Notes to the financial statements

For the period ended 31 October 2016

8. Net movement in funds

This is stated after charging:

| | 2016 £ | 2015 £ |
|-----------------------------------|------------|-----------|
| Depreciation | 2,307 | 4,921 |
| Operating lease payments | - | - |
| Trustees' remuneration | Nil | Nil |
| Trustees' reimbursed expenses | - | - |
| Auditors' remuneration: | | |
| ▪ Statutory audit (including VAT) | 3,000 | - |
| ▪ Other services | 850 | - |
| | <u>850</u> | <u>-</u> |

9. Staff costs and numbers

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|-----------------------|----------------|---------------|
| Salaries and wages | 130,576 | 13,438 |
| Social security costs | 11,261 | - |
| | <u>141,837</u> | <u>13,438</u> |

No employee earned more than £60,000 during the year.

The key management personnel of the charitable company comprise the trustees.

| | 2016 No. | 2015 No. |
|--|-------------|-------------|
| Average number of employees (full-time equivalent) | <u>5.75</u> | <u>1.00</u> |

10. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

MV Balmoral Fund Limited

Notes to the financial statements

For the period ended 31 October 2016

11. Heritage assets

| Group and charity | Restated Total £ |
|---------------------------|---------------------------------|
| Cost | |
| At 1 July 2015 | 500,000 |
| Additions in year | - |
| At 31 October 2016 | 500,000 |
| Depreciation | |
| At 1 July 2015 | 30,000 |
| Charge for the year | 40,000 |
| At 31 October 2016 | 70,000 |
| Net book value | |
| At 31 October 2016 | 430,000 |
| At 30 June 2015 | 470,000 |

The heritage asset is the MV Balmoral , IMO 5034927, a coastal day excursion passenger vessel of 735 gross registered tons built in 1949.

The asset was transferred from Waverley Steam Navigation (WSN) in April 2015 for the nominal amount of £1, which was provided by the Chairman of the Paddle Steamer Preservation Society. The trustees reviewed the value of the asset on donation, taking into consideration the amounts spent on her regeneration by WSN and the likely working life of the engines installed in 2003. Their conclusion was to value the ship at £500,000 and depreciate it over 15 years to a residual value of £50,000.

The previous owners of MV Balmoral, Waverley Steam Navigation Limited, received a Heritage Lottery Fund grant of £759,000 and, in consequence, the ship was mortgaged to the National Heritage Memorial Fund for that sum over a period ending 10 May 2033. There is no provision for interest but a declining balance is repayable if the ship is disposed of within that period or if the terms of the agreement are breached. MV Balmoral Fund Limited assumed those obligations when the ship was purchased in 2015.

MV Balmoral Fund Limited

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For the period ended 31 October 2016

12. Investments

| | 2016 £ | 2015 £ |
|--|------------|------------|
| White Funnel Limited 100 Ordinary £1 shares | <u>100</u> | <u>100</u> |

The charity owns the whole of the issued share capital of White Funnel Limited, a trading subsidiary. White Funnel Limited is a registered company in England and Wales, company number 09471161. The investment is valued at historic cost.

13. Subsidiary undertakings

White Funnel Limited

White Funnel Limited operates MV Balmoral on behalf of the charity, providing a public programme of coastal excursions from May to October and makes the ship available at its winter berth in Bristol for educational and social functions and events at other times.

| | 2016 £ | 2015 £ |
|--|--------------------|-----------------|
| Turnover | 1,234,405 | 30,729 |
| Cost of sales | <u>(1,367,662)</u> | <u>(95,627)</u> |
| Gross profit / (loss) | (133,257) | (64,898) |
| Other operating income | 120,855 | 49,025 |
| Administrative expenses | <u>(238,862)</u> | <u>(29,372)</u> |
| Operating profit / (loss) | (251,264) | (45,245) |
| Interest receivable | - | - |
| Profit / (loss) on ordinary activities | (251,264) | (45,245) |
| Corporation tax | - | - |
| Gift aid to parent undertaking | - | - |
| Profit / (loss) for financial year | <u>(251,264)</u> | <u>(45,245)</u> |

The aggregate of the assets, liabilities and funds was:

| | 2016 £ | 2015 £ |
|-------------|------------------|------------------|
| Assets | 51,773 | 270,895 |
| Liabilities | <u>(346,256)</u> | <u>(316,040)</u> |
| Funds | <u>(294,483)</u> | <u>(45,145)</u> |

MV Balmoral Fund Limited

Notes to the financial statements

For the period ended 31 October 2016

14. Parent charity

The parent charity's gross income and the results for the period are disclosed as follows:

| | 2016 £ | 2015 £ |
|------------------------|----------------|-----------------|
| Gross income | 486,367 | 361,969 |
| Results for the period | <u>202,623</u> | <u>(38,291)</u> |

15. Stock

| | The group | | The charity | |
|----------------|--------------|-----------|-------------|-----------|
| | 2016 £ | 2015 £ | 2016 £ | 2015 £ |
| Fuel | 2,198 | - | - | - |
| Catering stock | 3,000 | - | - | - |
| Shop stock | <u>3,894</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Merchandise | <u>9,092</u> | <u>-</u> | <u>-</u> | <u>-</u> |

16. Debtors

| | The group | | The charity | |
|----------------------|----------------|-----------------------|----------------|-----------------------|
| | 2016 £ | Restated 2015 £ | 2016 £ | Restated 2015 £ |
| Trade debtors | 9,907 | - | - | - |
| White Funnel Limited | - | - | 58,753 | - |
| Floats | - | 2,500 | - | - |
| Accrued income | - | 44,040 | - | 42,806 |
| VAT | 2,316 | 8,925 | - | - |
| Gift aid | 4,285 | 5,262 | 4,285 | 5,262 |
| Legacies | <u>130,000</u> | <u>-</u> | <u>130,000</u> | <u>-</u> |
| | <u>146,508</u> | <u>60,727</u> | <u>193,038</u> | <u>48,068</u> |

MV Balmoral Fund Limited

Notes to the financial statements

For the period ended 31 October 2016

17. Creditors : amounts due within 1 year

| | The group | | The charity | |
|-----------------------|------------------|--------------------------|--------------------|--------------------------|
| | 2016 | Restated 2015 | 2016 | Restated 2015 |
| | £ | £ | £ | £ |
| Trade creditors | 140,404 | 115,071 | - | 235 |
| White Funnel Limited | - | - | - | 138,350 |
| Accruals | 15,150 | - | 3,850 | - |
| Deferred income | - | 65,554 | - | - |
| PAYE control accounts | 9,973 | - | - | - |
| Founders tickets | 15,480 | 13,565 | - | - |
| | 181,007 | 194,190 | 3,850 | 138,585 |

18. Creditors : amounts due after 1 year

| | The group | | The charity | |
|------------------|------------------|-------------|--------------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Founders tickets | 110,345 | 122,085 | - | - |

Founders tickets were offered by White Funnel Limited in 2015 and 2016 to enable purchasers, as a personal benefit, to enjoy lifetime travel on public excursions aboard MV Balmoral without payment of a passenger fare for so long as MV Balmoral remained in the ownership of the charity.

19. Analysis of net assets between funds

| | Restricted funds £ | Unrestricted funds £ | Restated Total Funds £ |
|--------------------------------------|-----------------------------------|-------------------------------------|---|
| Tangible fixed assets | - | 430,000 | 430,000 |
| Investments | - | - | - |
| Current assets | 3,201 | 244,305 | 247,506 |
| Current liabilities | - | (181,007) | (181,007) |
| Long term liabilities | - | (110,345) | (110,345) |
| Net assets at 31 October 2016 | 3,201 | 382,953 | 386,154 |

MV Balmoral Fund Limited

Notes to the financial statements

For the period ended 31 October 2016

20. Movements in funds

| | Restated At 1 July 2015 £ | Income £ | Expenditure £ | Transfers between funds £ | At 31 October 2016 £ |
|---------------------------------|------------------------------------|------------------|--------------------|------------------------------------|-------------------------------|
| Restricted funds | | | | | |
| Coastal and Communities capital | - | - | - | - | - |
| Coastal and Communities revenue | 49,000 | 178,000 | (227,000) | - | - |
| Avon Valley Trading | 3,201 | - | - | - | 3,201 |
| Total restricted funds | <u>52,201</u> | <u>178,000</u> | <u>(227,000)</u> | <u>-</u> | <u>3,201</u> |
| Unrestricted funds | | | | | |
| Revaluation reserve | 469,999 | - | (40,000) | - | 429,999 |
| General funds | (95,256) | 1,593,567 | (1,545,357) | - | (47,046) |
| Total unrestricted funds | <u>374,743</u> | <u>1,593,567</u> | <u>(1,585,357)</u> | <u>-</u> | <u>382,953</u> |
| Total funds | <u>426,944</u> | <u>1,771,567</u> | <u>(1,812,357)</u> | <u>-</u> | <u>386,154</u> |

Purposes of restricted funds

Coastal Communities Fund capital

The purpose of this fund was to facilitate the initial refurbishment of MV Balmoral to meet regulatory requirements for coastal passenger carrying.

Coastal Communities Fund revenue

The purpose of this fund was to facilitate the establish of a staffed and equipped administrative office for the charity's trading subsidiary, in order support MV Balmoral's operations.

Avon Valley Trading

The purpose of this fund was to facilitate the purchase of minor equipment for MV Balmoral and to enable small projects in relation to engineering aspects of the ship to be funded, both as requested by winter maintenance volunteers.

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Notes to the financial statements

For the period ended 31 October 2016

21. Operating lease commitments

The group and charity had operating leases at the year end with total future minimum lease payments as follows:

| | The group | | The charity | |
|---------------------|------------------|-------------|--------------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Amount falling due: | | | | |
| Within 1 year | - | - | - | - |
| Within 1 - 5 years | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

22. Related party transactions

White Funnel Limited is a wholly owned subsidiary of MV Balmoral Fund Limited. During the period the charity made grants of £76,000 (2015: £49,000) to the subsidiary. As at 31 October 2016 the charity was owed £58,753 from (2015: the charity owed £138,350 to) the subsidiary.

23. Prior year adjustments

Heritage asset

The ship MV Balmoral has been reclassified as a heritage asset in line with the Charities SORP (FRS102). It had previously been classified as a fixed asset.

Revaluation reserve

In April 2015 the ship MV Balmoral was donated to the charity for a nominal £1. The trustees revalued the ship to £500,000 but recognised the revaluation gain as a donation to unrestricted general funds as opposed to a revaluation posted to a separate revaluation reserve.

Income recognition

At 30 June 2015 a restricted revenue grant was included in deferred income when it should have been recognised on a receipts basis and carried forward in restricted funds.

| | £ |
|---|-------------------------|
| Correct donation to revaluation | (499,999) |
| Correct depreciation to movement on revaluation reserve | 30,000 |
| Net effect on unrestricted funds | <u>(469,999)</u> |
| | £ |
| Correct income recognition of grant | 49,000 |
| Net effect on restricted funds | <u>49,000</u> |