

Company no. 08555385  
Charity no. 1155339

**MV Balmoral Fund Limited**  
**Report and Audited Financial Statements**  
**31 October 2017**

**MV Balmoral Fund Limited**

**Reference and administrative details**

**For the year ended 31 October 2017**

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<b>Company number</b>	08555385
<b>Charity number</b>	1155339
<b>Registered office</b>	21 South Green Close Merstham Redhill Surrey RH1 3DU
<b>Operational address</b>	70 Prince Street Bristol BS1 4QD
<b>Trustees</b>	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: D G Bassett P M Doubler M B F Floyd  A J Jardine H R A Mills Dr J D Naysmith A G Lewis J R Thomas I Llewelyn  Terminated 6 November 2017 Appointed 29 March 2017 Terminated 20 November 2017  Terminated 29 September 2017 Appointed 23 January 2017 Appointed 28 November 2017 Terminated 15 May 2018
<b>Bankers</b>	Lloyds Bank PLC PO Box 1000 Andover BX1 1LT
<b>Solicitors</b>	Lancaster Parr Pear Tree House Wanstrow Somerset BA4 4TF  CMS Cameron McKenna LLP College Square 2 Anchor Road Bristol BS1 5UE
<b>Auditors</b>	Godfrey Wilson Limited Chartered accountants and statutory auditors 5th Floor Mariner House 62 Prince Street Bristol BS1 4QD
<b>Marine consultants</b>	AW Ship Management Ltd 9 Alie Street London E1 8DE

## **MV Balmoral Fund Limited**

### **Report of the trustees**

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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).

#### **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) are all members of the Company and 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 from 1 July 2015 to 31 October 2016 in order to align its reporting and accounting date with that for its trading subsidiary, White Funnel Limited. This report covers the year from 1 November 2016 to 31 October 2017.

##### 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.

MV Balmoral was 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. White Funnel Limited has given notice to the Company that it is no longer in a position to honour the terms of the charter agreement, nor does it consider that MV Balmoral Fund Limited can fulfil its terms under the agreement to provide MV Balmoral in a condition that satisfies the regulations for Class III coastal passenger certification. Therefore both Companies will regard the charter agreement to be at an end once appropriate insurance amendments have been put in place.

##### 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.

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#### **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'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 serves not only 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.

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.

#### White Funnel Limited Operations

The Company's principal activity during the period under review has been to support the operation of MV Balmoral by its wholly-owned trading subsidiary, White Funnel Limited. Such support has been both practical and financial, given the difficulties encountered with her operation in 2016 as set out in the previous report.

Regrettably, operations in 2017 were significantly more challenging than in the previous season and the resultant practical and financial implications potentially far more fundamental in terms of the ability of the Fund to discharge the charitable aims of the Company.

The combination of service cancellations in 2016, through both adverse weather and mechanical issues, meant that White Funnel Limited ended the 2016 season with a substantial deficit and no funds with which to recommission the ship for 2017. However, the Fund's Trustees considered that the best interests of the charity would be served by appealing for funds to enable Balmoral to operate a further season of coastal excursions, meeting its charitable objects by making the ship widely available to the UK public on coastal day excursions. Vigorous and successful fundraising enabled support totalling £420,000 to be provided to White Funnel for this purpose. Thus staff could be retained during the 2016/17 winter and other activities undertaken to enable preparations for operation in 2017 to proceed. It also enabled static events and filming contracts to be negotiated and arranged while the ship remained laid up in Bristol during the off-season period.

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As usual, Balmoral was despatched to Sharpness Shipyard & Drydock Ltd in spring 2017 for annual inspection and overhaul. This proceeded satisfactorily under the technical superintendence of AW Ship Management Ltd and Captain David Howie. During inspections, the Maritime & Coastguard Agency [MCA] highlighted the need for a strategy to combat leaks through the promenade deck into officers' and passenger accommodation and required work on steelwork in the engine room casing. This critical area was repaired by the shipyard to the satisfaction of the MCA, but it was clear that further remedial work to the promenade deck would soon be required.

Balmoral returned to Bristol in mid-May and full crew training began in readiness for final MCA inspection prior to entry into service, scheduled for Friday, 26 May. However, immediately prior to final MCA inspection, routine examination by the ship's personnel revealed a small seepage of water into the chain locker. The Captain and Directors of White Funnel took the view that this necessitated a return to dry dock for investigation and repairs and this view was supported by the senior MCA surveyor present. Why the initial dry-docking had not revealed this fault is unclear, although it might have resulted from the inevitable strains on the hull when being re-floated.

We are grateful for the immediate, willing cooperation of Sharpness Shipyard for making the dry-dock available again at short notice and for undertaking repairs promptly and effectively. However, while in dry-dock, further inspection of the propeller shafts caused some concern about the integrity of one of the outer shaft seals, but an immediate repair was not considered necessary. As a precaution, the Directors of White Funnel decided to order replacements for both shafts, but not to schedule a further return to dry-dock for replacement, but rather to have parts ready should that need arise during the season. As a result of the seepage, Balmoral missed the first 5 days of the season over the Spring Bank Holiday period, for which there had been strong bookings, not entering service until 31 May.

The next few days of operation on the Bristol Channel were successful, save only for disruption to the schedule on 4 June through the non-availability of the crew for the escort tug required for passage up the River Avon to Bristol. Balmoral then left the Bristol Channel for a short Thames and South Coast season, bookings for the former being strong. However, the weather intervened and Balmoral had to be turned back off the North Cornwall coast in exceptionally poor conditions. In parallel with this, White Funnel received advice that the linkspan at Gravesend, which was pivotal to her Thames operation, had been damaged and that the berth would no longer be available to her. With the loss of this facility the Directors had no option but to cancel the Thames programme.

At the same time, her Chief Engineer reported concerns about the integrity of the flexible coupling between the port main engine and gearbox, possibly brought about by the effects of heavy weather on the attempted positioning voyage. Specialist attention was sought and White Funnel decided to order 2 replacement couplings from the German supplier as a precaution. The manufacturer's specialist technician attended the vessel in Avonmouth and considered the coupling to be fit for further temporary service, subject to certain precautions, which were taken. As a result Balmoral moved to West Wales to resume service on 20 June, but the coupling immediately failed in service and the ship returned to Avonmouth on one engine with MCA approval pending delivery of a replacement. New couplings were collected from Germany on 27 June, delivered to the ship the same day, and the port coupling immediately replaced.

## **MV Balmoral Fund Limited**

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These issues caused further inspections by the MCA which, coupled with adverse weather, prevented Balmoral from re-entering service, in the North-West, until 2 July. Thus the whole of the Thames and South Coast programme had been lost and the stoppage also had a profound adverse effect on advance bookings, which had been running very significantly ahead of 2016 levels.

One of the highlights of the 2016 programme had been sailings from Whitehaven to the Isle of Man and coastally around the Island which had proved very popular. These had been repeated in the 2017 schedules and extended to include sailings from North Wales to the Island. These schedules had been made available to the MCA earlier in the season in accordance with usual practice. Sailings within the Isle of Man are outside the scope of the UK's MCA but the practice had been for the Isle of Man Government to issue comparable approvals on receipt of a letter from the UK MCA supporting such sailings. Similar arrangements had applied for Balmoral's voyages to and within the Island for almost 30 years. However, in early July the MCA announced without prior warning that they would not support such sailings in 2017, saying that these were deemed to be short international voyages rather than domestic ones covered by the MCA's passenger certificates as in previous years. As a result all the UK-Isle of Man sailings, which were heavily booked, had to be cancelled. Where possible alternative sailings along the North Wales coast from Liverpool and Llandudno were arranged at short notice.

Balmoral returned to the Bristol Channel to take up her main season on 26 July. Worsening weather that day resulted in a heavy berthing while coming into Ilfracombe for her return sailing to Swansea, causing some damage to the pier timbers. This incident brought widespread and in some cases somewhat irrational media attention, but indirectly caused White Funnel to lose a lucrative charter later in the season. The poor weather continued and most sailings for the following week were cancelled or curtailed. The sailing to Lundy on 6 August was cancelled on account of the unexpected failure of the starboard main engine flexible coupling. Fortunately the spare to hand was quickly fitted, but a further heavily booked day's sailing was lost.

On Saturday, 12 August, further misfortune befell the ship. While manoeuvring in Bristol a mishandled mooring rope fouled the starboard propeller and the day's sailing had to be cancelled. Worse was to follow. The ship moved to Cumberland Basin for diving inspection but it proved impossible to free the rope. The Company was left with no alternative but to arrange a further unscheduled dry-docking at Sharpness for inspection. Again, the Directors were indebted to the Shipyard for their ready assistance. Dry-docking revealed that the rope had got between the propeller and guard, causing damage to the shaft seal. Fortunately, one of the seals ordered as a precaution earlier in the season could be fitted but Balmoral could not re-enter service until Wednesday, 23 August, losing almost 2 weeks' prime high-season sailings as a result.

Nonetheless, the Directors of White Funnel were encouraged by good advance bookings for her North-West short September season and the good results from her Bristol Channel sailings over the August bank holiday weekend. However, this proved to be a false respite from the succession of largely unconnected setbacks. Many sailings were lost to gales in early September when the UK was badly hit by the remnants of tropical Hurricane Irma and by Storm Aileen. The adverse weather affected a full week of sailings from Liverpool and Llandudno, and Balmoral had to seek shelter in the Liverpool docks system for several days.

## MV Balmoral Fund Limited

### Report of the trustees

#### For the year ended 31 October 2017

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By this time the Directors of White Funnel were seriously concerned about the Company's ability to complete the remainder of the season. However, having taken further professional advice they concluded that the best interests of creditors would be served by doing so, especially in view of the level of advance bookings for the remaining sailings through to 2 October and two useful windfarm charters on Merseyside. Further support from the owning charity was sought and received, amounting to £105,000 in all, to facilitate this.

Further bad weather prevented Balmoral from returning to the Bristol Channel in late September for her final scheduled sailings and arrangements were quickly made to extend the season by one week, which helped many customers to make a voyage on the ship and to complete a further filming contract. Balmoral's final sailing was to her lay-up berth in Bristol on Monday, 9 October, which was successfully completed in untypically good weather.

However, it was clear to the Directors of White Funnel by late September/early October that once again poor weather and increasing signs of mechanical unreliability had dogged the operation and left the Company with significant net debts, let alone the ability to prepare the ship for service in 2018. In addition, parallel meetings with MCA personnel had confirmed that extensive work would be required to return Balmoral to passenger service in 2018 and further work, to ensure that crew accommodation fully complied with the relevant regulations, by the 2019 season. This was confirmed by further discussions in late-November 2017, strictly after the period covered by this report, which also revealed that more extensive work would be required to eliminate doubled-plating of some parts of the hull before further passenger certification.

As a result the Directors were left with little alternative but to recommend to the Trustees of MV Balmoral Fund Ltd that it should effect an orderly scaling down of the affairs of White Funnel Ltd, pending a major fundraising initiative. This would enable permanent repairs to the ship sufficient to give confidence that she would be reliable in operation and meet all the regulatory requirements now being imposed.

In all respects, therefore, 2017 proved to be an intensely frustrating season. Balmoral completed only half of her scheduled 114 sailings. Passenger Journeys were 24,291 compared to 32,424 in 2016. This in turn placed great strains on both ship-based and shore-side personnel in liaising with customers, port authorities and other suppliers, and on the volunteers who provided 'pier-hosting' duties. We are indebted to all these people, who went far beyond what could reasonably have been expected of them to ensure that customer service standards were maintained and that Balmoral saw out her season as best she could in the interests of all concerned.

#### Education and other activities to 31 October 2017

The majority of the Charity's pursuits are undertaken to discharge the charitable objects: through activities - including meeting Members and the public, and enthusing (educating) - with illustrative and other material, when sailing or on other occasions. The Charity's objects are: **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 Education Policy was approved by the Board on 21 October 2015 and circulated to Members in the meeting of 20 November 2015.

## MV Balmoral Fund Limited

### Report of the trustees

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Education (including educating the public) is embedded in the charity's objects and fundamental to the charitable status of this significant ship.

"Encouraging the disposition to learn and explore" is inherent in the vintage ship; the activity, means and needs of sailing; and the places she goes. Whilst this part of the objective extends the "educational" remit beyond the ship and sailing, discharging it very much includes the fabric and history of the ship and experiencing the sailing context.\* Given illustration and explanation, the ship provides a wealth of resource.

(\* As well as the built maritime infrastructure, synonyms for "architecture" include structure, construction, form, formation, shape, composition, organisation, layout, design, build, anatomy, make-up, constitution).

The policy recognises three distinct settings for offering educational experiences:

- I) whilst the ship is at sea, offering coastal cruises between and visits to a wide variety of ports and piers...;
- ii) as a static venue berthed in a highly visible and appropriate location in Bristol outside and strongly relating to M Shed maritime and industrial museum; and
- iii) outreach.

These settings are used as a way of distinguishing the activities below.

(i) At sea:

- Informed personal commentary on visual and historic coastal and navigational context is the time-honoured method of "educating" the public, and has been continued on a vast majority of sailings;
- Volunteers also added verbally to detailed information (as did the first officer) and provided detailed maps of the shoreline, and made available the beautifully produced *Balmoral Gazette*. Guidebooks on the history of the ship have also been produced by volunteers;
- Wildlife officers occasionally travelled, to point out wild-life in varying context;
- As part of its publicity / timetables, the White Funnel Ltd operating company produced illustrative maps and information; and on-line displayed volunteers' purpose-created videos about the ship and her ports of call;
- In order to sail, people travelled to specific departure / arrival points they may not otherwise have considered, or be allowed to enter. Other heritage venues / means of transport were also offered as part of linked excursions; and
- Volunteer-created posters (as well as those provided by White Funnel Ltd) highlighting the ship / coastal communities were disseminated and displayed.

A small HLF bid was made to seek funding for a specific, serviced and safe educational space on board, for journeys; unfortunately this was not successful. However the concept has been retained as an aspiration for future funding bids.

The ship brings interest, activity and meaning to harbours and waterways, for spectators ashore as well as those on board. Her calling at these places has encouraged local authorities (and private investors) to maintain facilities which also assist their use (for example by PS Waverley). Trustees are keen to involve groups such as sea-cadets, Merchant Navy training, and Lifeboats. They are interested in any opportunity to use the ship in port when further afield - for example visits, on short trips. Trustees aspire to building on the contacts made over the sailing seasons as part of the unique potential of MV Balmoral.



## MV Balmoral Fund Limited

### Report of the trustees

#### For the year ended 31 October 2017

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The captain retained for the 2nd and 3rd seasons has used the opportunity to gain pilotage exemptions, and build up to further certification.

(ii) Static venue:

Trustees are grateful to Bristol Harbour and Museums for the winter-berth position of the ship, alongside the MShed. This context is of mutual heritage benefit to the cranes which are only 2 and 5 years younger than MV Balmoral. She is near the Museum's own small ships, and along the same bank as SS Great Britain. In particular she is a backdrop to views across the historic Floating Harbour.

- Visible, handsome and symbiotic, the ship makes a good venue for active use in winter lay-up. Aiming to bring people of all ages on board for events, Open Ship days and activities gives a chance to provide tours of interesting parts of the ship; illustrations; and explanations from volunteers with their own areas of expertise.
- The AGM was held on board on 11 March 2017.
- MVBFL has been fortunate in a continuing relationship with "MyFutureMyChoice", a hands-on local Education Agency which brings children, parents and communities on board to create cranes, learning mechanics and team building on a ship which has its own derricks and lies in the shadow of real cranes. The Director notes: "MFMC deal in heritage, engineering and raising aspirations by enabling children to meet people in different jobs". As well as an evocative venue, "The Balmoral Volunteers are active participants in the workshops alongside business volunteers". Whether grant-aided workshops or "science" open days, this is of great mutual benefit. Trustees intend to build on these relationships to make MVBalmoral an integrally-illustrative venue for *STEM* subjects.
- Although the majority of the ship is in theory useable during the winter, its "first and last" accessibility - when without a team of sailors on hand - needed to be improved. An aspiration is to improve the electrical / Wi-Fi systems to increase usability.
- At the same time the volunteers are working on refurbishing various areas of the ship, and as genuinely work in progress this adds to the dynamic of being on a real ship. Our volunteer "experts" (albeit mostly retired) have helped enthuse and train people to become interested in electrical and mechanical engineering, and maritime occupations.
- During the Bristol Harbourside Festival, summer 2017, the Cabot Club (with one of Balmoral's volunteers) constructed a "Baby Balmoral" cardboard ship that was so well built it was rescuing the founderers...

## **MV Balmoral Fund Limited**

### **Report of the trustees**

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#### (iii) Outreach

- Relationships with other ports / cadets / educational facilities have been mentioned above; we hope to build on this. Links have been established with a local school and a group made a short cruise last Autumn. It is intended that further links and visits should be made, related for example to aspects of the National Curriculum, as well as the maritime context.
- Newsletters (electronic) continue to be provided to Members and supporters.
- Information swaps eg with museums, Black Nore lighthouse, Coast Watch, Swansea Bay and Copper Jack have made new links; relationships with Paddle Steamer Preservation Society (both through presentations to branch and AGM meetings, and as a venue); and National Piers Society - continued traditional linkages.
- Local timetable distribution together with volunteer produced banners and posters engendered strong local links in places such as Penarth, Ilfracombe, Gravesend, Oban and Milford Haven.
- Much outreach is based on giving personal talks / video presentations eg to Probus, local town and civic societies. Videos produced by a volunteer during crucial stages of the ship's refurbishment, and sailing / geographical commentary, were important in this.
- Other internet-based means of communication are increasingly important; notably websites and Facebook. A volunteer has set up [www.balmoral.co.uk](http://www.balmoral.co.uk) to show considerable informative detail of the ship's construction and story.
- DVDs recording the ship's unusual sailings on websites have raised consciousness of many places, especially Brunel's port of Briton Ferry; and Milford Haven. Going around Sheppey and Anglesey are rightly recorded and shown-off as being unique opportunities. In some - many - areas, MV Balmoral provides the only means to experience and understand the coastal heritage and importance of sea communication.
- Partnerships - Swansea Bay Tourism, N Wales Tourism, Visit Cardiff and similar networks have helped disseminate information about the ship. In the case of many ports and piers, MV Balmoral is the only ship of her size to use them, and is an important illustration of the heritage

Trustees and volunteers have provided stands with interpretive displays and material: at coastal or harbour shows, eg Bristol, Penarth, Portishead, Clevedon; model engineering and similar shows, and at many "steam fairs" in the south west.

#### Fund raising arrangements

Fundraising was undertaken during 2016/7 to allow the charity to meet its charitable objectives.

The general approach to fundraising taken by the charity is threefold:

1. To approach directly by email or post those individuals who have already demonstrated their interest in supporting its work by having made previous donations; having travelled on the ship and provided their contact details and/or those who have subscribed to newsletters and other publications;
2. To invite support by articles and/or advertisements placed in relevant general and specialist publications and by leaflets made available on board the ship and at appropriate events; and
3. To submit applications for specific and general funds to appropriate national and local grant-making bodies.

Where appropriate for fundraising purposes the charity shares information within the group of companies, i.e. between the parent charity, MV Balmoral Fund Limited and its trading subsidiary, White Funnel Limited, but does not share information with other charities, nor does it transfer or sell such information to third parties.

## MV Balmoral Fund Limited

### Report of the trustees

#### For the year ended 31 October 2017

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We do not use professional fundraisers or commercial participators to carry out any fundraising activities.

#### The number of complaints received by the charity.

No complaints were received during 2016/7 regarding our fundraising activities.

Arrangements to protect vulnerable people and other members of the public from behaviour which **is an unreasonable intrusion on a person's privacy, is unreasonably persistent and/or places undue pressure on a person to give money or other property.**

The charity launched only 2 general appeals for funds using Method 1 above during the year under review. It ensured that any requests from individuals and/or their relatives to cease communication e.g. because of bereavement or change in circumstances were respected.

#### Membership

The previous report highlighted the Directors' decision to mount a membership drive to broaden the membership base of the Company and to appeal to a wider cross-section of the public. Membership was promoted actively from June 2016 and as a result it grew from 23 to 143 by 31 October 2016. The corresponding figure at 31 October 2017 was 223. Of the 98 memberships which expired on 31 October 2017, 46 have been renewed.

Many members joined as a result of sailing on Balmoral and it is especially pleasing that membership is now drawn from most parts of the UK. The Trustees will keep membership renewal rates under close review given that Balmoral is unable to sail in passenger service for the foreseeable future, so that attracting new members is likely to prove more challenging as a means of building membership and counteracting natural attrition rates.

#### **Financial review**

##### 2016/7 outturn

The group deficit for the year was £111,000. During the year, the Fund provided support of some £580,000 to enable White Funnel Limited to continue operating following the significant operational problems that were encountered by the company during the year and outlined above. The Fund's decision to support White Funnel Limited was made under the social investment provisions contained in the Charities (Protection and Social Investment) Act 2016, and after taking legal advice.

At year end the group had net assets totalling some £69,000:

- The fund had net assets totalling £309,000
- WFL had net liabilities of £240,000 as a result of its trading difficulties.

In January 2018, White Funnel Limited entered into a Creditors Voluntary Arrangement: this reduced the WFL's liabilities by some £137,000.

The Board are continuing to seek grant aid to refurbish the MV Balmoral in order to bring her back into a sailing condition. Any successful grant application is likely to require the fund to raise substantial amounts (the exact amount being dependent on the grant received and the grant conditions) from other supporters.

If we are not successful in attracting grant aid we will need to consider how we can secure a future for the Balmoral.

## **MV Balmoral Fund Limited**

### **Report of the trustees**

**For the year ended 31 October 2017**

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#### Reserves policy

In last year's report we noted a desire to keep useable reserves of approximately £100,000. In light of the lower level of activities foreseen for the next year, our current policy is to retain useable reserves of £50,000 to meet unforeseen matters.

#### **Statement of responsibilities of the trustees**

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 group and the incoming resources and application of resources, including the net income or expenditure, of the charity and the group for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

**MV Balmoral Fund Limited**

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**Auditors**

Godfrey Wilson Limited were re-appointed as auditors to the charitable company during the year.

Approved by the trustees on 20 July 2018 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'Richard Mills', written in a cursive style.

Richard Mills

## **Independent auditors' report**

To the members of

### **MV Balmoral Fund Limited**

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#### **Opinion**

We have audited the financial statements of MV Balmoral Fund Limited (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 October 2017 which comprise the consolidated statement of financial activities, consolidated and parents balance sheets, consolidated statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and the Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and parent charity's affairs as at 31 October 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Material uncertainty related to going concern**

We draw attention to accounting policy note 1c, the balance sheet which shows the group had net current liabilities of £27,534, note 13 which shows that the trading subsidiary had net liabilities of £266,803 and note 25 to the accounts which outlines significant difficulties after the year end with regards to settling liabilities and raising funds. As stated in these notes, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the group and parent charity financial statements and our auditor's report thereon. Our opinion on the group and parent charity financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Independent auditors' report**

To the members of

### **MV Balmoral Fund Limited**

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent charity and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of the trustees**

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Our responsibilities for the audit of the financial statements**

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

**Independent auditors' report**

**To the members of**

**MV Balmoral Fund Limited**

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A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Date: 20 July 2018



**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 year ended 31 October 2017**

	Note	Restricted £	Unrestricted £	Year ended 31 October 2017 Total £	Restated 16 months ended 30 June 2016 Total £
<b>Income from:</b>					
Donations and legacies	3	100,000	395,428	<b>495,428</b>	340,938
Charitable activities	4	15,898	518,809	<b>534,707</b>	1,396,519
Other trading activities	5	-	6,056	<b>6,056</b>	24,829
Investments		-	-	-	-
Other		-	-	-	9,281
<b>Total income</b>		<b>115,898</b>	<b>920,293</b>	<b>1,036,191</b>	<b>1,771,567</b>
<b>Expenditure on:</b>					
Raising funds		-	23,229	<b>23,229</b>	2,307
Charitable activities		115,898	1,008,274	<b>1,124,172</b>	1,797,542
<b>Total expenditure</b>	7	<b>115,898</b>	<b>1,031,503</b>	<b>1,147,401</b>	<b>1,799,849</b>
<b>Net income / (expenditure)</b>		-	(111,210)	<b>(111,210)</b>	(28,282)
Transfers between funds		-	-	-	-
<b>Net movement in funds</b>	8	-	(111,210)	<b>(111,210)</b>	(28,282)
<b>Reconciliation of funds:</b>					
Total funds brought forward		3,201	177,168	<b>180,369</b>	208,651
<b>Total funds carried forward</b>		<b>3,201</b>	<b>65,958</b>	<b>69,159</b>	<b>180,369</b>

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.

**MV Balmoral Fund Limited**

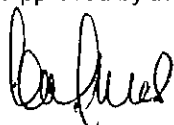
**Consolidated balance sheets**

**As at 31 October 2017**

	Note	<b>The group</b> <b>31 October</b> <b>2017</b> £	Restated The group October 31 2016 £	<b>The charity</b> <b>31 October</b> <b>2017</b> £	Restated The charity 31 October 2016 £
<b>Fixed assets</b>					
Heritage assets	11	<b>203,558</b>	224,215	<b>176,829</b>	192,201
Investments	12, 13	-	-	<b>100</b>	100
		<b>203,558</b>	224,215	<b>176,929</b>	192,301
<b>Current assets</b>					
Stocks	15	<b>12,425</b>	9,092	-	-
Debtors	16	<b>89,047</b>	146,508	<b>75,324</b>	193,038
Cash at bank and in hand		<b>108,480</b>	91,906	<b>83,990</b>	61,448
		<b>209,952</b>	247,506	<b>159,314</b>	254,486
<b>Liabilities</b>					
Creditors: amounts falling due within 1 year	17	<b>(237,486)</b>	(181,007)	<b>(26,910)</b>	(3,850)
<b>Net current assets / (liabilities)</b>		<b>(27,534)</b>	66,499	<b>132,404</b>	250,636
<b>Total assets less current liabilities</b>		<b>176,024</b>	290,714	<b>309,333</b>	442,937
Creditors: amounts falling due after more than 1 year	18	<b>(106,865)</b>	(110,345)	-	-
Provisions for liabilities		-	-	-	-
<b>Net assets / (liabilities)</b>	19	<b>69,159</b>	180,369	<b>309,333</b>	442,937
<b>Funds</b>					
Restricted funds	20	<b>3,201</b>	3,201	<b>3,201</b>	3,201
General funds		<b>65,958</b>	177,168	<b>306,132</b>	439,736
<b>Total charity funds</b>		<b>69,159</b>	180,369	<b>309,333</b>	442,937

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 20 July 2018 and signed on their behalf by



Richard Mills

**MV Balmoral Fund Limited**

**Consolidated statement of cash flows**

**For the year ended 31 October 2017**

	<b>Year ended 31 October 2017 £</b>	<b>Restated 16 months ended 31 October 2016 £</b>
<b>Cash used in operating activities:</b>		
<b>Net movement in funds</b>	<b>(111,210)</b>	<b>(28,282)</b>
Adjustments for:		
Depreciation charges	<b>38,323</b>	27,492
Decrease / (increase) in stock	<b>(3,333)</b>	(9,092)
Decrease / (increase) in debtors	<b>57,461</b>	(85,781)
Increase / (decrease) in creditors	<b>52,999</b>	(24,923)
<b>Net cash provided by / (used in) operating activities</b>	<b>34,240</b>	<b>(120,586)</b>
<b>Cash flows from investing activities:</b>		
Purchase of tangible fixed assets	<b>17,666</b>	-
<b>Net cash provided by / (used in) investing activities</b>	<b>(17,666)</b>	-
<b>Cash flows from financing activities:</b>		
Loans raised during the year	<b>131,000</b>	-
Loans repaid during the year	<b>(131,000)</b>	-
<b>Net cash provided by / (used in) investing activities</b>	<b>-</b>	<b>-</b>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>	<b>16,574</b>	<b>(120,586)</b>
Cash and cash equivalents at the beginning of the year	<b>91,906</b>	<b>212,492</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>108,480</b>	<b>91,906</b>

## MV Balmoral Fund Limited

### Notes to the financial statements

For the year ended 31 October 2017

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#### 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 (controlled) subsidiary on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements.

##### 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 regard to the current level of unrestricted reserves, the current level of income and expenditure and the Charity's ability to raise further funds from members and other supporters. There are some material uncertainties about the ability of the charity's trading subsidiary, White Funnel Limited, to continue as a going concern. The trading subsidiary has made losses in the past, has net liabilities (see note 13) and had to enter into a creditors voluntary arrangement after the year end (see note 25). The charity also requires significant grant funding to return the ship into sailing condition, which it has failed to secure (see note 25).

##### d) 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. Donations are recognised when they are recorded in the Charity's accounting system.

Income from the government and other sources of grant, 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.

For legacies, entitlement is taken as the earlier of the date on which either: (1) 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 (2) 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 not 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.

## MV Balmoral Fund Limited

### Notes to the financial statements

For the year ended 31 October 2017

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#### e) 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.

#### f) 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.

#### g) 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.

#### h) 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.

#### i) 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%

**MV Balmoral Fund Limited**

**Notes to the financial statements**

**For the year ended 31 October 2017**

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**j) Heritage assets**

Measurement of fixed assets: Donated assets are initially measured at fair value

Capital expenditure is initially measured at cost.

Significant components with differing lives are depreciated separately over their expected lives only where those components are potentially separable from the ship. Depreciation for these components is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

Components that are not separable from the ship will be depreciated over the remaining life of the ship's hull

The depreciation rates in use are as follows:

- Ship excluding engines: hull is time expired and fully depreciated
- Engines: straight line over 25 years
- Other equipment not integral part of the ship's structure; various periods depending on the nature of the equipment, typically over 5-10 years.

This policy represents a change from the accounting policy adopted in previous years, the accounts therefore include a prior year adjustment to reflect this change (see the SOFA, notes 2a and 23).

**k) 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.

**l) 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.

**m) 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.

**n) Financial Instruments**

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

**o) Pension costs**

The Charity does not operate a defined contribution pension scheme.

**MV Balmoral Fund Limited**

**Notes to the financial statements**

**For the year ended 31 October 2017**

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**p) 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.

**s) Prior year adjustment**

Prior year adjustments have been made with regards to the measurement of heritage assets. The effect on prior year comparatives is shown in note 23.

**2a Prior period comparatives**

	Restricted	Unrestricted	Restated 2016 Total
	£	£	£
<b>Income from:</b>			
Donations and legacies	-	340,938	<b>340,938</b>
Charitable activities	178,000	1,218,519	<b>1,396,519</b>
Other trading activities	-	24,829	<b>24,829</b>
Other	-	9,281	<b>9,281</b>
<b>Total income</b>	<b>178,000</b>	<b>1,593,567</b>	<b>1,771,567</b>
<b>Expenditure on:</b>			
Raising funds	-	2,307	<b>2,307</b>
Charitable activities	227,000	1,570,542	<b>1,797,542</b>
<b>Total expenditure</b>	<b>227,000</b>	<b>1,572,849</b>	<b>1,799,849</b>
<b>Net income / (expenditure)</b>	<b>(49,000)</b>	<b>20,718</b>	<b>(28,282)</b>

**2b Prior period comparatives**

The accounts for the period ended 31 October 2016 covered a 16 month period. Comparative figures are not therefore strictly comparable with the current year figures.

**MV Balmoral Fund Limited**

**Notes to the financial statements**

**For the year ended 31 October 2017**

**3. Income from donations and legacies**

	Restricted	Unrestricted	2017	2016
	£	£	Total	Total
	£	£	£	£
Donations with gift aid	-	69,129	<b>69,129</b>	72,127
Donations without gift aid	100,000	137,589	<b>237,589</b>	126,366
Donations Charities Aid Foundation	-	14,791	<b>14,791</b>	1,419
Donations received online	-	35,598	<b>35,598</b>	2,282
Membership with gift aid	-	4,145	<b>4,145</b>	5,406
Membership without gift aid	-	1,076	<b>1,076</b>	3,338
Gift aid reclaimed	-	49,536	<b>49,536</b>	-
Other	-	1,086	<b>1,086</b>	-
Legacies	-	82,478	<b>82,478</b>	130,000
<b>Total Income from donations and legacies</b>	<b>100,000</b>	<b>395,428</b>	<b>495,428</b>	<b>340,938</b>

**4. Income from charitable activities**

	Restricted	Unrestricted	2017	2016
	£	£	Total	Total
	£	£	£	£
<b>Grants</b>				
Coastal Communities Fund	-	-	-	178,000
Arts council	15,898	-	<b>15,898</b>	-
Other	-	36,721	<b>36,721</b>	-
Ship excursions	-	482,088	<b>482,088</b>	1,218,519
<b>Total Income from charitable activities</b>	<b>15,898</b>	<b>518,809</b>	<b>534,707</b>	<b>1,396,519</b>

**5. Income from other trading activities**

	Restricted	Unrestricted	2017	2016
	£	£	Total	Total
	£	£	£	£
Raffle	-	5,646	<b>5,646</b>	8,943
Other	-	410	<b>410</b>	-
Events	-	-	-	15,886
<b>Total Income from other trading activities</b>	<b>-</b>	<b>6,056</b>	<b>6,056</b>	<b>24,829</b>



**MV Balmoral Fund Limited**

**Notes to the financial statements**

**For the year ended 31 October 2017**

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**6. Government grants**

No government grants were received during the period ended 31 October from the Coastal Communities Fund 2017 (2016: £178,000). There are no unfulfilled conditions or contingencies attaching to these grants.

**MV Balmoral Fund Limited**

**Notes to the financial statements**

**For the period ended 31 October 2017**

**7. Total resources expended**

	Raising funds £	Charitable activities £	Support costs £	2017 Total £	2016 Total £	Restated
Administrative expenses	-	12,229	-	12,229	31,339	
Audit and accountancy	-	-	6,548	6,548	3,850	
Bank charges	-	11,005	-	11,005	16,534	
Crew pay and costs	-	357,476	-	357,476	560,338	
Depreciation	-	38,323	-	38,323	27,492	
Event costs	-	984	-	984	3,965	
Governance	-	-	1,541	1,541	343	
Insurance	-	25,845	-	25,845	33,132	
Office wages and salaries (note 7)	-	115,675	-	115,675	141,837	
Printing, postage and stationery	-	21,214	-	21,214	44,999	
Publicity and fundraising	23,229	-	-	23,229	2,307	
Ship excursion costs	-	348,616	-	348,616	867,198	
Ship repairs and renewals	-	184,529	-	184,529	63,290	
WFL support	-	187	-	187	3,225	
<b>Sub-total</b>	23,229	1,116,083	8,089	1,147,401	1,799,849	
Allocation of support costs	-	8,089	(8,089)	-	-	
<b>Total expenditure</b>	<b>23,229</b>	<b>1,124,172</b>	-	<b>1,147,401</b>	<b>1,799,849</b>	

## MV Balmoral Fund Limited

### Notes to the financial statements

#### For the period ended 31 October 2017

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#### 8. Net movement in funds

This is stated after charging:

	2017	2016
	£	£
Depreciation	38,323	27,492
Operating lease payments		
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	-	-
Auditors' remuneration:		
▪ Statutory audit (including VAT)	6,248	3,000
▪ Other services	300	850
	<u>300</u>	<u>850</u>

#### 9. Staff costs and numbers

Staff costs were as follows:

	2017	2016
	£	£
Salaries and wages	108,481	130,576
Social security costs	<u>7,194</u>	<u>11,261</u>
	<u>115,675</u>	<u>141,837</u>

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

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

	2017	2016
	No.	No.
Average number of employees (full-time equivalent)	<u>3.66</u>	<u>5.75</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 2017

11. Heritage assets Group	Restated Total £
<b>Cost</b>	
At 1 November 2016	255,150
Additions in year	<u>17,666</u>
At 31 October 2017	<u>272,816</u>
<b>Depreciation</b>	
At 1 November 2016	30,935
Charge for the year	<u>38,323</u>
At 31 October 2017	<u>69,258</u>
<b>Net book value</b>	
<b>At 31 October 2017</b>	<u><u>203,558</u></u>
At 31 October 2016	<u><u>224,215</u></u>

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 ship was initially valued by the trustees at £500,000. During 2016/17 the trustees reviewed the accounting policy for heritage assets (see Note 1j). This resulted in the value of the ship being reduced to £215,208 as at 2015.

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

**MV Balmoral Fund Limited**

**Notes to the financial statements**

**For the period ended 31 October 2017**

	Restated Total £
<b>Charity</b>	
<b>Cost</b>	
At 1 November 2016	215,208
Additions in year	<u>-</u>
At 31 October 2017	<u>215,208</u>
<b>Depreciation</b>	
At 1 November 2016	23,007
Charge for the year	<u>15,372</u>
At 31 October 2017	<u>38,379</u>
<b>Net book value</b>	
<b>At 31 October 2017</b>	<u><u>176,829</u></u>
At 31 October 2016	<u><u>192,201</u></u>

**12. Investments**

	2017 £	2016 £
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.

## MV Balmoral Fund Limited

### Notes to the financial statements

For the period ended 31 October 2017

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#### 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.

	2017 £	2016 £
Turnover	482,088	1,234,405
Cost of sales	<u>(763,797)</u>	<u>(1,374,709)</u>
Gross profit / (loss)	(281,709)	(140,304)
Other operating income	624,257	120,855
Administrative expenses	<u>(314,869)</u>	<u>(238,862)</u>
Operating profit / (loss)	27,679	(258,311)
Interest receivable	<u>-</u>	<u>-</u>
Profit / (loss) on ordinary activities	27,679	(258,311)
Corporation tax	-	-
Profit / (loss) for financial year	<u>27,679</u>	<u>(258,311)</u>
The aggregate of the assets, liabilities and funds was:		
	2017 £	2016 £
Assets	65,638	83,787
Liabilities	<u>(332,441)</u>	<u>(346,256)</u>
Funds	<u>(266,803)</u>	<u>(262,469)</u>

**MV Balmoral Fund Limited**

**Notes to the financial statements**

**For the period ended 31 October 2017**

**14. Parent charity**

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

	2017	2016
	£	£
Gross income	517,881	486,367
Results for the period	<u>(133,604)</u>	<u>202,623</u>

**15. Stock**

	The group		The charity	
	2017	2016	2017	2016
	£	£	£	£
Fuel	2,621	2,198	-	-
Catering stock	5,039	3,000	-	-
Shop stock	<u>4,765</u>	<u>3,894</u>	<u>-</u>	<u>-</u>
	<u>12,425</u>	<u>9,092</u>	<u>-</u>	<u>-</u>

**16. Debtors**

	The group		The charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	9,292	9,907	-	-
White Funnel Limited	-	-	-	58,753
Other taxes	4,431	-	-	-
Other	200	-	200	-
VAT	-	2,316	-	-
Gift aid	498	4,285	498	4,285
Legacies	<u>74,626</u>	<u>130,000</u>	<u>74,626</u>	<u>130,000</u>
	<u>89,047</u>	<u>146,508</u>	<u>75,324</u>	<u>193,038</u>

**MV Balmoral Fund Limited**

**Notes to the financial statements**

**For the period ended 31 October 2017**

**17. Creditors : amounts due within 1 year**

	<b>The group</b>		<b>The charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	<b>213,958</b>	140,404	<b>5,362</b>	-
Accruals	<b>6,548</b>	15,150	<b>6,548</b>	3,850
PAYE control accounts	-	9,973	-	-
Founders tickets	<b>16,980</b>	15,480	<b>15,000</b>	-
	<b><u>237,486</u></b>	<b><u>181,007</u></b>	<b><u>26,910</u></b>	<b><u>3,850</u></b>

In January 2017 the Fund raised loans totalling £131,000 from supporters to assist with its cashflow. These loans were repaid in August and September 2017.

**18. Creditors : amounts due after 1 year**

	<b>The group</b>		<b>The charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Founders tickets	<b><u>106,865</u></b>	<b><u>110,345</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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 remains in the ownership of MV Balmoral Fund Ltd.

In 2017 the MV Balmoral Fund also offered supporters the opportunity to purchase lifetime season ticket 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 remains in the ownership of the charity. The money raised by the Fund was used to purchase the season tickets from White Funnel Ltd.



**MV Balmoral Fund Limited**

**Notes to the financial statements**

**For the period ended 31 October 2017**

**19. Analysis of net assets between funds**

	Restricted funds £	Unrestricted funds £	Restated Total Funds £
Tangible fixed assets	-	203,558	203,558
Investments	-	-	-
Current assets	3,201	206,751	209,952
Current liabilities	-	(237,486)	(237,486)
Long term liabilities	-	(106,865)	(106,865)
<b>Net assets at 31 October 2017</b>	<b>3,201</b>	<b>65,958</b>	<b>69,159</b>

Prior year comparatives	Restricted £	Unrestricted £	Restated Total Funds £
Tangible fixed assets	-	224,215	224,215
Investments	-	-	-
Current assets	3,201	244,305	247,506
Current liabilities	-	(237,486)	(181,007)
Long term liabilities	-	(106,865)	(110,345)
<b>Net assets at 31 October 2016</b>	<b>3,201</b>	<b>124,169</b>	<b>180,369</b>

**MV Balmoral Fund Limited**

**Notes to the financial statements**

**For the period ended 31 October 2017**

<b>20. Movements in funds</b>	Restated At 1 November 2016 £	Income £	Expenditure £	Transfers between funds £	At 31 October 2017 £
<b>Restricted funds</b>					
Arts Council grant	-	15,898	(15,898)	-	-
Maintenance donation	-	100,000	(100,000)	-	-
Avon Valley Trading	3,201	-	-	-	3,201
<b>Total restricted funds</b>	<b>3,201</b>	<b>115,898</b>	<b>(115,898)</b>	<b>-</b>	<b>3,201</b>
<b>Unrestricted funds</b>					
General funds	177,168	970,293	(1,081,503)	-	65,958
<b>Total unrestricted funds</b>	<b>177,168</b>	<b>970,293</b>	<b>(1,081,503)</b>	<b>-</b>	<b>65,958</b>
<b>Total funds</b>	<b>180,369</b>	<b>1,086,191</b>	<b>(1,197,401)</b>	<b>-</b>	<b>69,159</b>

**Purposes of restricted funds**

**Arts Council grant**

The purpose of this grant was to fund the refurbishment of the engine room and docking telegraph systems.

**Maintenance donation**

This represents a donation received for the maintenance of the MV Balmoral

**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.

**MV Balmoral Fund Limited**

**Notes to the financial statements**

**For the period ended 31 October 2017**

	Restated At 1 July 2015	Income	Expenditure	Transfers between funds	Restated At 31 October 2016
	£	£	£	£	£
<b>Prior year comparative</b>					
<b>Restricted funds</b>					
Coastal and Communities revenue	49,000	178,000	(227,000)	-	-
Avon Valley Trading	3,201	-	-	-	3,201
<b>Total restricted funds</b>	<b>52,201</b>	<b>178,000</b>	<b>(227,000)</b>	<b>-</b>	<b>3,201</b>
<b>Unrestricted funds</b>					
General funds	156,450	1,593,567	(1,572,849)	-	177,168
<b>Total unrestricted funds</b>	<b>156,450</b>	<b>1,593,567</b>	<b>(1,572,849)</b>	<b>-</b>	<b>177,168</b>
<b>Total funds</b>	<b>208,651</b>	<b>1,771,567</b>	<b>(1,799,849)</b>	<b>-</b>	<b>180,369</b>

**21. Operating lease commitments**

The group and charity had no operating leases at the year end.

**22. Related party transactions**

White Funnel Ltd is a wholly owned subsidiary of MV Balmoral Ltd. During the period the Charity made grants of £588,000 (2016: £76,000) to the subsidiary (including writing off a loan of £50,000 due from WFL to the Charity). At 31 October 2017 the Fund owed £15,000 to the subsidiary (2016: the Fund was owed £58,753 by the subsidiary).

**23. Prior year adjustments**

The Charity's policy on the recognition of fixed assets was revised during the year (see note 1j). The impact on reserves as at 31 October 2016 and 31 October 2017 is outlined below.

	Prior to restatement	Remove asset under valuation model	Fair value treatment of assets in charity	Fair value treatment of assets in subsidiary	Restated amounts
<b>Statement of financial activities</b>					
Depreciation	40,000	(40,000)	20,445	7,047	27,492
<b>Balance sheet</b>					
Heritage asset cost	500,000	(500,000)	215,208	39,942	255,150
Heritage asset depreciation	(70,000)	70,000	(23,007)	(7,928)	(30,935)
<b>Funds</b>					
Revaluation reserve	429,999	(429,999)	-	-	-
General funds	(47,046)	(27,493)	212,646	39,061	177,168

## **MV Balmoral Fund Limited**

### **Notes to the financial statements**

**For the period ended 31 October 2017**

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#### **24 Contingent liabilities**

As identified in Note 18 both White Funnel Limited and MV Balmoral Fund Ltd have sold a number of tickets/passes that allow 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 remains in the ownership of MV Balmoral Fund Ltd. If White Funnel Limited is wound up, and the Balmoral continues sailing under the ownership of MVBF (e.g. operated by another operating company) there will be a continuing liability on the Fund to honour these lifetime tickets. The amount that would have to be paid by the Fund to replace these tickets in future cannot currently be estimated.

#### **25 Events after the end of the reporting period**

##### **Continued operation of the MV Balmoral**

In November 2017 the Charity was advised by the Maritime and Coastguard Agency that the long-accepted practice of using doubled plates to repair the Balmoral's hull was no longer acceptable to the Agency, and that remedial work will need to be undertaken to the relevant parts of the hull before she is permitted to operate again. The Company's activities have therefore been scaled back to a minimal level. The continued existence of the company will allow us to quickly re-establish operations if the application for grant aid to refurbish the ship is successful.

##### **WFL Company Voluntary Arrangement**

In light of the significant liabilities incurred by WFL during the 2017 operating season, in January 2018 the Company entered into a Company Voluntary Arrangement (CVA) with its creditors. This resulted in debts totalling £144,000 being cancelled. The settlement will permit the Company to continue in existence.

##### **Heritage Lottery Fund grant application**

In December 2017 the Charity submitted a £3.75m bid to the HLF to cover the costs of improvements to the ship, including particularly those required by the Maritime and Coastguard Agency before she can carry passengers again. We have now been advised that the HLF considered that "People and community outcomes were not considered commensurate with the high grant request" and thus they could not offer us a first round pass and development grant. To move on, our bid needs to be developed and certain aspects prioritised. HLF have offered us some initial valuable advice on aspects of our bid which the MVBFL Trustees welcome. These will be taken into account in developing a revised application.