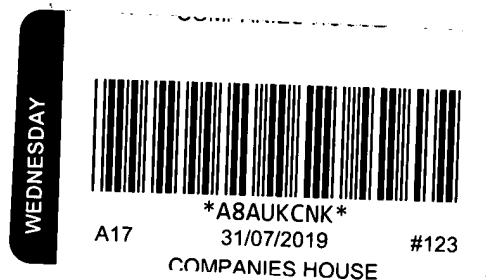


Company no. 08555385
Charity no. 1155339

MV Balmoral Fund Limited
Report and Unaudited Financial Statements
31 October 2018



MV Balmoral Fund Limited

Reference and administrative details

For the year ended 31 October 2018

Company number	08555385	
Charity number	1155339	
Registered office	70 Prince Street Bristol BS1 4QD	
Trustees	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 Cpt. S Colledge (appointed 11 January 2019) P M Doubler (resigned 6 November 2017) M Floyd (resigned 20 November 2017) A Jardine (resigned 31 December 2018) I Llewelyn (resigned 15 May 2018) H R A Mills (resigned 31 January 2019) Dr J D Naysmith T Sylvester (appointed 11 January 2019) J R Thomas A Westmore (appointed 11 January 2019)	
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
Independent examiners	Godfrey Wilson Limited Chartered accountants and statutory auditors 5th Floor Mariner House 62 Prince Street Bristol BS1 4QD	
Marine consultants	AW Ship Management Ltd 9 Alie Street London E1 8DE	

MV Balmoral Fund Limited

Report of the trustees

For the year ended 31 October 2018

The trustees present their report and accounts for the year ended 31 October 2018 in compliance with current statutory requirements, the Company's Memorandum and Articles of Association and with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with 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.

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) reflects the Fund's Charitable Objects which 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 main activities undertaken by the Fund during the year to further its purposes for the public benefit include:

- Maintaining MV Balmoral in sailing condition, mainly through the hard work of our volunteers; and encouraging public access and understanding of the ship during her periods of not sailing outside Bristol harbour;
- Seeking further funding to allow her to regain her passenger certificate, in particular for work needed to update her condition to regulatory standards;
- Developing the Balmoral as a Bristol based science/engineering, historical and educational resource; and
- Implementing a network, website and other media which provide a resource of illustrations, and information about the ship and her historic as well as current physical context.

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.

Achievements and performance

White Funnel Limited (WFL)

The report for 2016/17 recorded that WFL directors had recommended to the MVBFL board in December 2017 that WFL activities should be wound down without delay once it became clear that it would not be possible on both regulatory and financial grounds to operate Balmoral again in 2018. As a result, in the early part of 2017/18 remaining staff were paid off and all other support contracts, except for the website, office, office email and telephones, were terminated soon as possible.

The MVBFL directors considered that it was worthwhile to retain one room at the Prince Street address for storage and occasional use and to enable a base to be provided should the Heritage Lottery Fund grant application be successful.

MV Balmoral Fund Limited

Report of the trustees

For the year ended 31 October 2018

In other respects, the activities of WFL ceased, save for occasional static events on board the ship facilitated by MVBFL volunteers and for shop sales, organised by volunteers Geoffrey Ryder and Antony and Nicholas Meads in Poole.

At 31 October 2017, due to the operational challenges that arose during the 2017 season, WFL had net liabilities of some £267,000. As the company could not meet these liabilities it entered into a Company Voluntary Agreement (CVA) with its creditors. The CVA reduced the company's debts by some £146,000.

The CVA was facilitated by a £36,000 contribution from the Fund. This allowed a partial payment to be made to the company's creditors which was considered essential to prevent the company from being wound up and to retain the goodwill of key suppliers upon which future operation of the ship is largely dependent.

Creditors' approval of the Company Voluntary Agreement proposed by WFL enabled the company to remain in existence and to continue to trade, solvently, on the very reduced scale described, and to be on hand to resume activities should the fund be successful in raising money to return Balmoral to coastal excursion service.

As the charter agreement between MVBFL and WFL had ceased, as described in last year's report, arrangements were also made for both companies to be named as co-insured under the marine policies hitherto in the sole name of WFL.

Static commercial hiring-out of the ship ceased in May as a result of Bristol City Council's requirement to move Balmoral from the MShed berth. Although an alternative location was eventually made available within the City Docks, the uncertainty and lack of facilities at the temporary berth at Mardyke Wharf prevented lettings for events and other commercial activities. This remained the position for the remainder of the year under review, although Balmoral was able to return to the MShed berth in mid-October 2018 for the winter.

MV Balmoral Fund Limited

Balmoral in Bristol

Nationally there is now a considerable resource of Balmoral images: seen from ashore and on board. Sailing having ceased on 9th October 2017, the focus of the fund's objects lies in and currently continues with the ship in Bristol.

Not sailing meant that to earn her place in Bristol harbour in the summer, it was imperative the trustees / directors made the ship better known to a wider, non-sailing public. For thirty years Balmoral's over-wintering in Bristol was considered a familiar maritime presence, but as a ship dedicated to busily achieving the maintenance required before each sailing season. Now with less time-pressure, work upon engineering items has been contained and programmed to allow Balmoral a better and more direct relationship with the public.

Keeping the ship presentable - in and out - is also appropriate to a harbour-side which has changed radically: into a major leisure centre for Bristol, and an increasingly consumer and residential-use district. Balmoral, illustrated posters about the ship, events and her role in two films about to be released are part of the interest for the very considerable numbers visiting the quayside and MShed.

MV Balmoral Fund Limited

Report of the trustees

For the year ended 31 October 2018

MVBFL trustees have emphasised to Bristol's politicians and other harbour-side managers and users that they are making Balmoral useful and an important resource for Bristol. They would give priority especially for engineering and maritime training, community opportunities and to local education.

On-board activities from MyFutureMyChoice have continued, including workshops in which teams of local school children of differing ages and local community groups built model Balmorals and used them for theoretical designs for the future. One fascinating event had Balmoral "representing" the Empire Windrush, hosting a school exploring the themes of emigration and learning first-hand how Bristol seemed to, and treated, its immigrants of that time.

Fund-raising events are still essential; they included concerts and talks donated by supporters; but all are necessarily small in scale. Volunteers manning the ship on all these occasions also provide informative tours around the ship.

Volunteers' work and events

Volunteers are fundamental to achieving the fund's objects.

The volunteers who faithfully maintain various aspects of the ship over winter returned to help. The Fund was fortunate in persuading Tony Byrne, Chief Engineer at the end of the sailing season, to continue as a volunteer to lead and monitor the physical work on board.

This role is vital in maintaining communication with, and the confidence of, the Maritime and Coastguard Agency so that planned maintenance work contributes to Balmoral's potential future sailing with passengers.

Work on board takes place on Tuesdays and Fridays. A new, safe but securable, temporary first / last access was necessary, designed by our chief engineer. It also assists authorised volunteers to come on board to open the ship for events.

Volunteers welcome visitors on work days and inform them about the ship as they are escorted around. Photographs of volunteers and the work being undertaken, both engineering and using traditional methods such as deck caulking (in consultation with local Traditional Boat businesses) have been recorded, exhibited and disseminated on the Fund's website and other social media.

A small group of volunteers - more would be very welcome - assist and enable events and host open days for the public to visit. Meetings for lectures or training days enable MVBFL to give tours educating people about the ship's engineering, navigation and her historic and geographic context.

The other berth

Without uncertainty over the ship's location for the summer, events and activities would have increased. However the move down harbour to Mardyke Wharf at Hotwells Road, with a qualified but volunteer crew, fully demonstrated Balmoral's manoeuvrability under her own power. The move was even identifiable on the global maritime Automatic Identification System (AIS). The ship looked excellent, whilst the new location opposite SS Great Britain and the historic dry-dock brought Balmoral into a new maritime relationship within the harbour and its users.

MV Balmoral Fund Limited

Report of the trustees

For the year ended 31 October 2018

Trustees were grateful that local volunteers retained interest all year, whereas they usually had the summer off. The new location probably assisted. Balmoral's greater deck-level visibility at that quayside attracted a new public, and gained new work volunteers. As the summer berth was without mains power the electrical team set up solar power for security lighting and actively reduced the power needed generally.

Volunteers and members from many places came together to display the ship to at least 981 visitors over the Harbourside Festival and Balmoral was later opened to the public during Bristol's Open Doors weekend. Balmoral opened also for Docks Heritage weekend, with her scenic return to Prince's Wharf at MShed's quayside on 9 October 2018, operated as earlier. Both berths lie on what is now the most popular circular walk in Bristol.

People, work ...

Publicity is vital. Dick Clague, who had been organising the volunteer pages, heroically took on the running of the whole MVBFL website, the newsletters, and tackled the complexities of the GDPR. WFL's Facebook page was adapted for the fund's use. Geoff Hale, another member volunteer who has retired, expertly created a wealth of Balmoral videos. Their input has been essential and trustees thank them very much.

Trustees and other supporters are also volunteers, and the board would always welcome helpful advice and genuine work input. The end of 2016/17 and the early part of this reporting year saw a number of trustee changes: Paul Doubler, Alec Lewis and Ross Floyd left, having provided hugely appreciated work especially into communications, chairing the fund, and publicity / events respectively. Iolo Llewelyn became a trustee for a while, stepping back due to his own work-load but as a member volunteer continues to provide invaluable support in the fund's financial / accounting roles.

During this reporting year, trustees have had to consider the future of the ship and her potential very carefully; and they were grateful to member volunteers who took on and activated fundraising appeals and a major Heritage Lottery Bid: a massive work load. They are particularly grateful to members and other supporters who continue to donate financially, some on a regular as well as one-off basis; and for legacies.

Plans for the future

The AGM was held on 9 June 2018, ashore because of berth uncertainty. An auction of sailing memorabilia was also held and a visit to Balmoral was able to be made.

This year it's become increasingly clear that Balmoral's unique heritage and aesthetic qualities are appreciated by the public, as well as nationally recognised; but also that sailing was one of the main attractions for most people who have supported the ship in the past. The Heritage Lottery Fund however made clear in Spring 2018 that it no longer contributes very large sums for overhaul or restoration of an active ship, nor at the rapid rate necessary for a quick return to sailing with passengers.

Trustees of the fund have to balance affordability with its commitment to preserve and exhibit the ship in operating condition. At the same time the fund must ensure the good order and appearance of the ship whilst in Bristol harbour.

MV Balmoral Fund Limited

Report of the trustees

For the year ended 31 October 2018

MVBFL trustees concluded that whilst sufficient support is generally continued, a step-by-step approach to funding, maintenance and the upgrading aspects required by MCA would be pursued, retaining the aspiration to return to sailing.

In conjunction with consolidating the ship's educational role and value to Bristol's communities, and improving earning capacity, this would continue to keep the options for Balmoral's future open.

Structure, governance and management

Governing document

MVBFL 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.

The operation of the fund is governed by its memorandum and articles of association.

Trustees

Trustees, who are also directors of the company who served during the year and up to the date of this report were as follows:

D G Bassett	
Cpt. S Colledge	Appointed 11 January 2019
P M Doubler	Resigned 6 November 2017
M B F Floyd	Resigned 20 November 2017
A Jardine	Resigned 31 December 2018
I Llewelyn	Appointed 28 November 2017
	Resigned 15 May 2018
H R A Mills	Resigned 31 January 2019
Dr J D Naysmith	
T Sylvester	Appointed 11 January 2019
J R Thomas	
A Westmore	Appointed 11 January 2019

The trustees 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.

Under the articles of the company, directors may be appointed:

- By other directors. This has been the most common way of recruiting directors over recent years, where directors have sought out individuals who are able to provide the skills/experience required to constitute a balanced board that is able to manage the company. A director appointed by a resolution of the other directors must retire at the next annual general meeting;
- At a general meeting of the company.

At each annual general meeting one third of the trustees must retire from office and if they wish to continue in post must be re-appointed by the members.

MV Balmoral Fund Limited

Report of the trustees

For the year ended 31 October 2018

Organisation

The company operates through a board of directors which also acts as trustees for the charitable activities of the company. The trustees determine the general policy of the company.

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

Related parties

The company has effective links with various branches of the Paddle Steamer Preservation Society (PSPS), which has accorded MVBFL '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.

The MVBFL owns all shares in WFL. Balmoral was chartered to WFL for 5 years from 18 May 2015. The Charter fee is £1 per month and the arrangement could be terminated annually at the charterer's discretion. Both companies regard the charter agreement to be at an end as WFL is no longer in a position to honour the terms of the charter agreement, and MVBFL cannot fulfil its terms under the agreement to preserve Balmoral in a condition that satisfies the regulations for Class III coastal passenger certification. However, as noted above WFL continues to use Balmoral for various commercial events, and is involved in aspects of the maintenance of the ship.

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.

Fund raising arrangements

Limited fundraising was undertaken during 2017/18 to allow the fund to meet its charitable

The general approach to fundraising taken by the fund is four fold:

- (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;
- (3) to approach existing members and supporters via our newsletter; and
- (4) to submit applications for specific and general funds to appropriate national and local grant-making bodies.

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

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

The fund launched only 2 general appeals for funds using methods 2 and 3 above during the year under review.

MV Balmoral Fund Limited

Report of the trustees

For the year ended 31 October 2018

The number of complaints received by the charity

No complaints were received during 2017/18 regarding our fundraising activities.

Financial review

2017/18 outturn

As the Balmoral was laid up during the year, both the group's income and expenditure was significantly reduced in comparison with previous years:

	2017/18 £	2016/17 £
Income:		
Donations and legacies	120,817	495,428
Charitable activities	0	534,707
Other trading activities	8,316	6,056
Total income	129,133	1,036,191
Expenditure:		
Raising funds	1,989	23,229
Charitable activities	137,613	1,124,172
Total expenditure	139,602	1,147,401
Exceptional item	146,332	0
Net income / (expenditure)	135,863	(111,210)

The group's surplus for the year was £136,000. WFL entered into a Creditors Voluntary Arrangement in January 2018: this reduced WFL's liabilities by some £146,000. This meant that by 31 October 2018 the Group had net assets totalling some £205,000:

- The fund had net assets totalling £276,000
- WFL had negative assets of £71,000 as a result of its trading difficulties in previous years.

Currently we are generating sufficient funds to maintain the limited activities of the fund as outlined above, and the board considers that the fund remains a going concern.

The board are continuing to seek grant aid to refurbish the 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.

Reserves policy

Historically the fund noted a desire to keep useable reserves of approximately £100,000 to meet unplanned expenditure. In light of the current lower level of the fund's activities our current policy is to retain useable (cash) reserves of £50,000 to meet unforeseen events.

MV Balmoral Fund Limited

Report of the trustees

For the year ended 31 October 2018

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).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 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.

Approved by the trustees on 17 July 2019 and signed on their behalf by



D G Bassett, Trustee

Independent examiner's report

To the members of

MV Balmoral Fund Limited

I report to the charity trustees on my examination of the consolidated accounts of the Group comprising MV Balmoral Fund Limited ('the Company') and its subsidiary undertakings for the year ended 31 October 2018, which are set out on pages 12 to 30.

Responsibilities and basis of report

As the trustees of the Company you are responsible for the preparation of the consolidated accounts of the Group in accordance with the requirements of the Charities Act 2011 ('the Act') and you have chosen to prepare consolidated accounts for the Group. You are satisfied that the accounts of both the Company and the Group are not required by company law to be audited and have chosen instead to have an independent examination.

I report in respect of my examination of the consolidated accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the accounts. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the consolidated accounts present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

Godfrey Wilson Limited also provides bookkeeping services to the Trust. I confirm that as a member of the ICAEW I am subject to the FRC's Revised Ethical Standard 2016, which I have applied with respect to this engagement.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- (1) accounting records were not kept in respect of the Company and the Group as required by section 130 of the 2011 Act and, with respect to the subsidiaries, as required by section 386 of the Companies Act 2006; or
- (2) the accounts do not accord with those records; or
- (3) the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
- (4) the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

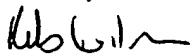
Independent examiner's report

To the members of

MV Balmoral Fund Limited

To enable a proper understanding of the accounts we draw your attention to note 8, exceptional items, regarding the Company Voluntary Arrangement (CVA) entered into by the trading subsidiary in the year.

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the accounts to be reached.



Date: 17 July 2019

Rob Wilson FCA

Member of the ICAEW

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 2018

	Note	Restricted £	Unrestricted £	2018 Total £	2017 Total £
Income (and endowments) from:					
Donations and legacies	3	1,000	119,817	120,817	495,428
Charitable activities	4	-	-	-	534,707
Other trading activities	5	-	8,316	8,316	6,056
Total income (and endowments)		1,000	128,133	129,133	1,036,191
Expenditure on:					
Raising funds		-	1,989	1,989	23,229
Charitable activities		-	137,613	137,613	1,124,172
Total expenditure	7	-	139,602	139,602	1,147,401
Net income / (expenditure)		1,000	(11,469)	(10,469)	(111,210)
Exceptional items	8	-	146,332	146,332	-
Net movement in funds	9	1,000	134,863	135,863	(111,210)
Reconciliation of funds:					
Total funds brought forward		3,201	65,958	69,159	180,369
Total funds carried forward		4,201	200,821	205,022	69,159

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 22 to the accounts.

MV Balmoral Fund Limited

Consolidated balance sheets

As at 31 October 2018

	Note	The group 2018 £	The group 2017 £	The charity 2018 £	The charity 2017 £
Fixed assets					
Heritage assets	12	182,900	203,558	161,457	176,829
Investments	13	-	-	100	100
		<u>182,900</u>	<u>203,558</u>	<u>161,557</u>	<u>176,929</u>
Current assets					
Stocks	16	8,629	12,425	-	-
Debtors	17	25,210	89,047	21,212	75,324
Cash at bank and in hand		<u>124,768</u>	<u>108,480</u>	<u>121,316</u>	<u>83,990</u>
		158,607	209,952	142,528	159,314
Liabilities					
Creditors: amounts falling due within 1 year	18	<u>(29,620)</u>	<u>(237,486)</u>	<u>(27,640)</u>	<u>(26,910)</u>
Net current assets / (liabilities)		<u>128,987</u>	<u>(27,534)</u>	<u>114,888</u>	<u>132,404</u>
Total assets less current liabilities		311,887	176,024	276,445	309,333
Creditors: amounts falling due after more than 1 year	19	<u>(106,865)</u>	<u>(106,865)</u>	-	-
Net assets	21	<u>205,022</u>	<u>69,159</u>	<u>276,445</u>	<u>309,333</u>
Funds	22				
Restricted funds		4,201	3,201	4,201	3,201
General funds		<u>200,821</u>	<u>65,958</u>	<u>272,244</u>	<u>306,132</u>
Total charity funds		<u>205,022</u>	<u>69,159</u>	<u>276,445</u>	<u>309,333</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477(2), and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the Company keeps proper accounting records which comply with section 386 of the Act; and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

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 17 July 2019 and signed on their behalf by



D G Bassett, Trustee

MV Balmoral Fund Limited

Consolidated statement of cash flows

For the period ended 31 October 2018

	2018 £	2017 £
Cash used in operating activities:		
Net movement in funds	135,863	(111,210)
Adjustments for:		
Depreciation charges	20,658	38,323
Decrease / (increase) in stock	3,796	(3,333)
Decrease in debtors	63,837	57,461
Increase / (decrease) in creditors	<u>(207,866)</u>	<u>52,999</u>
Net cash provided by operating activities	<u>16,288</u>	<u>34,240</u>
Cash flows from investing activities:		
Purchase of tangible fixed assets	<u>-</u>	<u>(17,666)</u>
Net cash used in investing activities	<u>-</u>	<u>(17,666)</u>
Cash flows from financing activities:		
Loans raised during the year	-	131,000
Loans repaid during the year	<u>-</u>	<u>(131,000)</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents in the year	16,288	16,574
Cash and cash equivalents at the beginning of the year	<u>108,480</u>	<u>91,906</u>
Cash and cash equivalents at the end of the year	<u><u>124,768</u></u>	<u><u>108,480</u></u>

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

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 note(s).

b) Group accounts

These financial statements consolidate the results of the charitable company and its wholly-owned (controlled) 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 three 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 current level of expenditure on the ship and the likelihood of raising further funds in future from donors and funders.

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 Fund's accounting system.

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.

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.

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

1. Accounting policies (continued)

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 particularly 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. Governance costs are the costs associated with the governance arrangements of the charity, including the costs of complying with constitutional and statutory requirements and any costs associated with the strategic management of the charity's 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 2018

1. Accounting policies (continued)

j) Tangible 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:

Engines	25 years
Other equipment not an integral part of the ship's structure	5-10 years

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 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.

o) Pension costs

The company operates a defined contribution pension scheme for its employees. There are no further liabilities other than that already recognised in the SOFA.

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.

q) Accounting estimates and key judgements

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

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

1. Accounting policies (continued)

q) Accounting estimates and key judgements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Depreciation

As described in note 1j to the financial statements, depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. Depreciation rates in operation during the current and prior period are detailed in note 1j.

Founders Tickets

As described in notes 19 and 20 to the financial statements, Founders Tickets are treated as deferred income and released over a period of ten years. The period of ten years is an estimate of the period over which the benefit is likely to be redeemed by the purchasers.

2. Prior period comparatives: statement of financial activities

	Restricted	Unrestricted	2017 Total
	£	£	£
Income from:			
Donations and legacies	100,000	395,428	495,428
Charitable activities	15,898	518,809	534,707
Other trading activities	-	6,056	6,056
Total income	115,898	920,293	1,036,191
Expenditure on:			
Raising funds	-	23,229	23,229
Charitable activities	115,898	1,008,274	1,124,172
Total expenditure	115,898	1,031,503	1,147,401
Net expenditure and net movement in funds	-	(111,210)	(111,210)

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

3. Income from donations and legacies

	Restricted	Unrestricted	2018 Total
	£	£	£
Donations with gift aid	-	60,667	60,667
Donations without gift aid	1,000	19,330	20,330
Donations Charities Aid Foundation	-	675	675
Donations received online	-	16,518	16,518
Membership with gift aid	-	2,549	2,549
Membership without gift aid	-	248	248
Gift aid reclaimed	-	16,386	16,386
Other	-	3,444	3,444
Total income from donations and legacies	1,000	119,817	120,817

Prior period comparative:

	Restricted	Unrestricted	2017 Total
	£	£	£
Donations with gift aid	-	69,129	69,129
Donations without gift aid	100,000	137,589	237,589
Donations Charities Aid Foundation	-	14,791	14,791
Donations received online	-	35,598	35,598
Membership with gift aid	-	4,145	4,145
Membership without gift aid	-	1,076	1,076
Gift aid reclaimed	-	49,536	49,536
Other	-	1,086	1,086
Legacies	-	82,478	82,478
Total income from donations and legacies	100,000	395,428	495,428

4. Income from charitable activities

There was no income from charitable activities for 2018.

Prior period comparative:

	Restricted	Unrestricted	2017 Total
	£	£	£
Grants			
Arts council	15,898	-	15,898
Other	-	36,721	36,721
Ship excursions	-	482,088	482,088
Total income from charitable activities	15,898	518,809	534,707

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

5. Income from other trading activities

	Restricted £	Unrestricted £	2018 Total £	2017 Total £
Raffle	-	-	-	5,646
Other	-	8,316	8,316	410
Total income from other trading activities	-	8,316	8,316	6,056

All income from other trading activities for 2017 was unrestricted.

6. Government grants

No government grants were received during the year ended 31 October 2018 (2017: £nil)

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

7. Total resources expended

	Raising funds £	Charitable activities £	Support and governance costs £	2018 Total £
Administrative expenses	-	358	-	358
Accountancy	-	-	2,940	2,940
Bank charges	-	2,408	-	2,408
Crew pay and costs	-	6,686	-	6,686
Depreciation	-	20,658	-	20,658
Governance	-	-	4,739	4,739
Insurance	-	18,022	-	18,022
Office wages and salaries (note 10)	-	31,510	-	31,510
Publicity and fundraising	1,989	-	-	1,989
Ship operating costs	-	40,522	-	40,522
Ship repairs and renewals	-	9,770	-	9,770
Sub-total	1,989	129,934	7,679	139,602
Allocation of support costs	-	7,679	(7,679)	-
Total expenditure	1,989	137,613	-	139,602

Total governance costs were £4,739 (2017: £1,541).

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

7. Total resources expended (continued)

	Raising funds £	Charitable activities £	Support and governance costs £	2017 Total £
Administrative expenses	-	12,229	-	12,229
Audit and accountancy	-	-	6,548	6,548
Bank charges	-	11,005	-	11,005
Crew pay and costs	-	357,476	-	357,476
Depreciation	-	38,323	-	38,323
Event costs	-	984	-	984
Governance	-	-	1,541	1,541
Insurance	-	25,845	-	25,845
Office wages and salaries (note 10)	-	115,675	-	115,675
Printing, postage and stationery	-	21,214	-	21,214
Publicity and fundraising	23,229	-	-	23,229
Ship excursion costs	-	348,616	-	348,616
Ship repairs and renewals	-	184,529	-	184,529
WFL support	-	187	-	187
Sub-total	23,229	1,116,083	8,089	1,147,401
Allocation of support costs	-	8,089	(8,089)	-
Total expenditure	23,229	1,124,172	-	1,147,401

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

8. Exceptional items

As described in note 14, White Funnel Limited, the 100% owned subsidiary, entered into a Company Voluntary Arrangement (CVA). Exceptional items represent accounting adjustments and transactions in relation to the CVA.

	2018 £	2017 £
Write back of trade creditors in White Funnel Limited	197,332	-
CVA administrator's fee paid by MV Balmoral Fund Limited	(15,000)	-
MV Balmoral Fund Limited contribution to CVA	(36,000)	-
	<u>146,332</u>	<u>-</u>

9. Net movement in funds

This is stated after charging:

	2018 £	2017 £
Depreciation	20,658	38,323
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	5,584	Nil
Independent examiner's fee	2,940	-
Auditors' remuneration:		
▪ Statutory audit (including VAT)	-	6,248
▪ Other services	-	300
	<u>-</u>	<u>6,548</u>

10. Staff costs and numbers

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	26,283	108,481
Social security costs	4,842	7,194
Pension costs	385	-
	<u>31,510</u>	<u>115,675</u>

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

The key management personnel of the charitable company comprise the Trustees. The total employee benefits of the key management personnel were £nil (2017: £nil).

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

10. Staff costs and numbers (continued)

	2018 No.	2017 No.
Average number of employees (full-time equivalent)	<u>0.75</u>	<u>3.66</u>

11. Taxation

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

12. Heritage assets

Group	Total £
Cost	
At 1 November 2017 and at 31 October 2018	272,816
Depreciation	
At 1 November 2017	69,258
Charge for the year	<u>20,658</u>
At 31 October 2018	<u>89,916</u>
Net book value	
At 31 October 2018	<u>182,900</u>
At 1 November 2017	<u>203,558</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 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 Limited assumed those obligations when it purchased the ship in 2015.

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

12. Heritage assets (continued) Charity

	Total £
Cost	
At 1 November 2017 and at 31 October 2018	215,208
Depreciation	
At 1 November 2017	38,379
Charge for the year	<u>15,372</u>
At 31 October 2018	<u>53,751</u>
Net book value	
At 31 October 2018	<u>161,457</u>
At 1 November 2017	<u>176,829</u>

13. Investments

	2018 £	2017 £
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.

14. Subsidiary undertakings

White Funnel Limited

White Funnel Limited operates MV Balmoral on behalf of the charitable company, 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.

	2018 £	2017 £
Turnover	4,381	482,088
Cost of sales	<u>(26,576)</u>	<u>(763,797)</u>
Gross loss	(22,195)	(281,709)
Other operating income	63,114	624,257
Administrative expenses	(64,215)	(314,869)
Exceptional items (note 8)	<u>197,332</u>	<u>-</u>
Profit for financial year	<u>174,036</u>	<u>27,679</u>

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

14. Subsidiary undertakings (continued)

The aggregate of the assets, liabilities and funds was:

	2018 £	2017 £
Assets	31,078	65,638
Liabilities	<u>(123,845)</u>	<u>(332,441)</u>
Funds	<u><u>(92,767)</u></u>	<u><u>(266,803)</u></u>

In November 2017 the Fund 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. In light of the significant liabilities incurred by White Funnel Limited during the 2017 operating season, in January 2018 White Funnel Limited entered into a Company Voluntary Arrangement (CVA) with its creditors. This resulted in debts totalling £146,000 being cancelled. The settlement will permit White Funnel Limited to continue in existence.

The company's activities have continued to be scaled back to a minimal level in 2017/18. The continued existence of the company will allow us to quickly re-establish operations if application for grant aid to refurbish the ship is successful.

15. Parent charity

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

	2018 £	2017 £
Gross income	122,451	517,881
Results for the period	<u><u>(32,887)</u></u>	<u><u>(133,604)</u></u>

16. Stock

	The group		The charity	
	2018 £	2017 £	2018 £	2017 £
Fuel	2,950	2,621	-	-
Catering stock	1,600	5,039	-	-
Shop stock	<u>4,079</u>	<u>4,765</u>	<u>-</u>	<u>-</u>
Merchandise	<u><u>8,629</u></u>	<u><u>12,425</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

17. Debtors

	The group		The charity	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	-	9,292	-	-
Other debtors	2,430	-	-	-
Prepayments	11,845	-	11,845	-
Other taxes	1,568	4,431	-	-
Accrued income	1,046	200	1,046	200
Gift aid	4,952	498	4,952	498
Legacies	3,369	74,626	3,369	74,626
	25,210	89,047	21,212	75,324

18. Creditors : amounts due within 1 year

	The group		The charity	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	-	213,958	-	5,362
Accruals	12,640	6,548	12,640	6,548
Founders tickets (see note 20)	16,980	16,980	15,000	15,000
	29,620	237,486	27,640	26,910

19. Creditors : amounts due after 1 year

	The group		The charity	
	2018	2017	2018	2017
	£	£	£	£
Founders tickets (see note 20)	106,865	106,865	-	-

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 Limited

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

20. Deferred income

	The group		The charity	
	2018	2017	2018	2017
	£	£	£	£
At 1 November 2017	123,845	125,825	-	-
Deferred during the year	-	15,000	-	-
Released during the year	-	(16,980)	-	-
At 31 October 2018	<u>123,845</u>	<u>123,845</u>	<u>-</u>	<u>-</u>

Deferred income relates to the founders tickets as presented in notes 18 and 19. Founders tickets are being released over 10 years which the trustees deem to be a fair estimate of the period over which the benefit will be redeemed.

In the year ended 31 October 2018 the MV Balmoral did not sail and therefore as the benefit could not be redeemed by the purchasers, no funds have been released to income during the year.

If White Funnel Limited is wound up, and the Balmoral continues sailing under the ownership of MV Balmoral Fund Limited (e.g. operated by another operating company) there will be a continuing liability on MV Balmoral Fund Limited to honour these lifetime tickets.

21. Analysis of net assets between funds

	Restricted funds	Unrestricted funds	Total Funds
	£	£	£
Tangible fixed assets	-	182,900	182,900
Current assets	4,201	154,406	158,607
Current liabilities	-	(29,620)	(29,620)
Long term liabilities	-	(106,865)	(106,865)
Net assets at 31 October 2018	<u>4,201</u>	<u>200,821</u>	<u>205,022</u>

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

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

22. Movements in funds

	At 1 November 2017 £	Income £	Expenditure £	Exceptional items £	At 31 October 2018 £
Restricted funds					
Avon and Somerset Police	-	1,000	-	-	1,000
Avon Valley Trading	3,201	-	-	-	3,201
Total restricted funds	3,201	1,000	-	-	4,201
Unrestricted funds					
General funds	65,958	128,133	(139,602)	146,332	200,821
Total unrestricted funds	65,958	128,133	(139,602)	146,332	200,821
Total funds	69,159	129,133	(139,602)	146,332	205,022

Purposes of restricted funds

Avon and Somerset Police

This represents a donation received to hold science learning workshops on 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.

	At 1 November 2016 £	Income £	Expenditure £	Transfers between funds £	At 31 October 2017 £
Prior year comparative					
Restricted funds					
Arts Council grant	-	15,898	(15,898)	-	-
Maintenance donation	-	100,000	(100,000)	-	-
Avon Valley Trading	3,201	-	-	-	3,201
Total restricted funds	3,201	115,898	(115,898)	-	3,201
Unrestricted funds					
General funds	177,168	920,293	(1,031,503)	-	65,958
Total unrestricted funds	177,168	920,293	(1,031,503)	-	65,958
Total funds	180,369	1,036,191	(1,147,401)	-	69,159

MV Balmoral Fund Limited

Notes to the financial statements

For the year ended 31 October 2018

23. Financial instruments

	The group		The charity	
	2018	2017	2018	2017
	£	£	£	£
Financial assets measured at amortised cost	136,556	193,096	130,782	159,414
Financial liabilities measured at amortised cost	<u>(136,485)</u>	<u>(344,350)</u>	<u>(27,640)</u>	<u>(26,910)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, investments in subsidiaries, accrued income, gift aid receivable, legacies receivable and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, intercompany creditors and founders loans.

24. Operating lease commitments

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

25. Related party transactions

White Funnel Limited is a wholly owned subsidiary of MV Balmoral Fund Limited (the Fund). During the period the Fund made grants of £59,000 (2017: £588,000) to the subsidiary. At 31 October 2018 the Fund owed £15,000 to the subsidiary (2017: £15,000).

Trustees of the group made donations to MV Balmoral Fund Limited totalling £7,270.