

HENDERSON & COMPANY

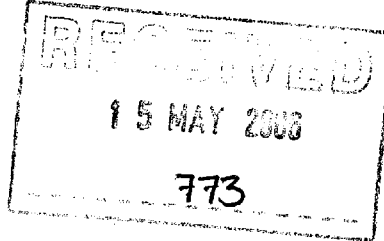
(INCORPORATING MANSON & COMPANY)
CHARTERED ACCOUNTANTS

APPENDIX A
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Tim Huntingford Esq
Chief Executive
West Dunbartonshire Council
Garshake Road
Dumbarton
G82 3PU

Our ref. RTH/HM/WA0240.162



12 May 2006

Dear Mr Huntingford

Paddle Steamer Waverley

I shall be grateful if you would place the attached letter, which is an appeal for financial assistance to ensure the continuing existence of PS Waverley, before your Council.

This appeal is being made to all local authorities which have access to the River Clyde and/or whose piers are used by the Waverley.

I look forward to receiving your kind reply.

Yours sincerely



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12 May 2006

Dear Sirs

PADDLE STEAMER WAVERLEY

I believe that you will agree with me that in the interests of supporting tourism in Scotland and in providing an economic boost to the communities which she serves, it is highly desirable that the continuation of the Waverley's operations on the River Clyde be safeguarded for the future.

Up to the present time, the companies which own and operate the ship, Waverley Steam Navigation Co. Ltd. and Waverley Excursions Ltd. have managed to operate the vessel without any general appeal to the local authorities which have piers at which the Waverley calls, although it should be said that Glasgow District Council has made an annual contribution.

However, increases well beyond the rate of inflation have led to the present situation where the directors feel that an appeal must now be made.

I should perhaps explain that my firm are auditors of the Waverley companies, and I share the view of the directors that it is not realistic to attempt to cover costs simply by raising fares. You will probably be aware that Waverley Steam Navigation Co. Ltd. is a registered charity, and it is felt that by constantly increasing fares many people would be unable to afford to go for a sail, and this would defeat the purpose for which the Waverley was preserved in an operational capacity.

It would be appropriate to provide you with examples of increasing costs. The cost of fuel was £130 per ton in January 2005 and by October 2005 it was £252 per ton. Another major increase in costs is insurance, which was £46,914 in 1999 but £126,323 in 2005.

Some local authorities derive economic benefits from the number of tourists and day trippers who disembark, while others also derive a boost to their efforts to promote tourism by having the services of the Waverley available at their piers. Everyone, whether sailing or not, derives pleasure from seeing her on the river and its lochs, and share a sense of pride in this historic product of shipbuilding on the River Clyde.

You/



You may be interested in noting the numbers of passengers who embarked and disembarked at the various ports of call during the 2005 season:-

PASSENGERS		
	Embarked	Disembarked
GLASGOW	15,551	0
GREENOCK	3,320	143
HELENSBURGH	3,978	471
ROTHESAY	2,112	9,052
TIGHNABRUAICH	630	4,355
TARBERT	519	1,433
DUNOON	3,620	3,706
KILCREGGAN	643	18
BLAIRMORE	478	233
CAMPBELTOWN	283	46
	12,263	19,314
AYR	5,452	209
BRODICK	1,189	2,341
GIRVAN	404	9
MILLPORT	1,022	1,233
LARGS	5,298	1,643
LOCHRANZA	546	1,024
	13,911	6,459

I hope that your authority will be prepared to make an annual contribution towards running costs for the 2006 season and thereafter annually. I would suggest a sum of £10,000 from each local authority concerned, but if that sum cannot be found in the current year's budget, any contribution would be greatly appreciated.

Without some financial support from the local authorities, I find it difficult to see how the operations of the Waverley on the River Clyde can be sustained in the medium term, and the cessation of these services would be detrimental to us all.

I look forward to hearing from you.

Yours truly

Robert J. Henderson