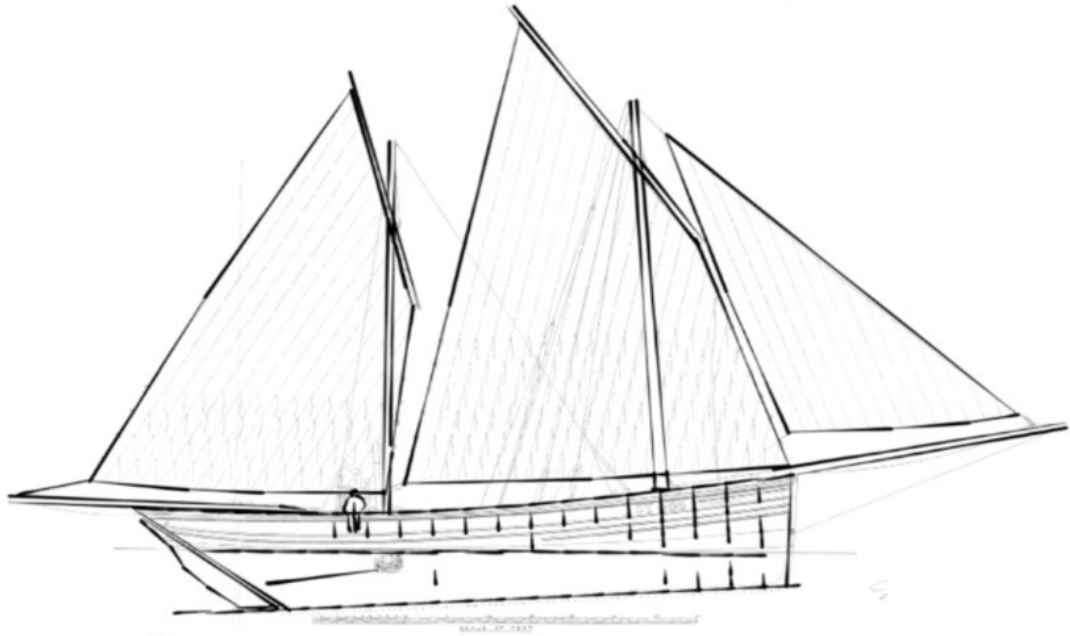


MUIRNEAG



A historic sail training ship for Scotland:

- furthering youth development
- community engagement with the marine environment
- preserving heritage skills
- building a link to history

COMPANY NUMBER CS007312, CHARITY NUMBER SC053930



Muirneag na Mara

Scottish Charitable Incorporated Organisation
Charity number SC053930,
Company Number CS007312

Registered address:

208 Altandhu, Achiltibuie, Ullapool, IV262YR
Scotland

Email: info@muirneag.org

Website: www.muirneag.org



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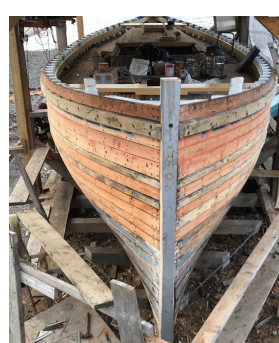
INTRODUCTION

The Muirneag na Mara charity (SCIO) has been established to rebuild and operate the historic 80ft (24m) sailing vessel; the herring lugger SV Muirneag (*Darling Girl* in Gaelic).

Upon its completion it will be the only seaworthy class one Zulu in existence (see History section). Once it is built, fully coded and licensed it will be based in Ullapool and Stornoway, operating primarily in NW Scotland and the Hebrides, with longer range cruises to cover all of the British Isles, and potentially Europe and the Baltics.

The objective of the Muirneag Project is to create a world class community asset, a fundamental driver for:

- Youth projects and apprenticeships,
- Sail training & Tall ship racing,
- Re-establishing heritage boatbuilding skills
- Citizen marine science via an onboard laboratory
- Communities to engage with the marine environment, Scotland's rich seafaring heritage, and the place of herring fishing in world history.



The SCIO trust is seeking sponsorship to cover the £1.8m cost associated with the 3 year build phase of the project. Beyond that point it is intended that the SV Muirneag will be self sustaining through revenue generating activities including sail training, private charter, brand partnership, hospitality, film/media, and accommodation.

Donations can be in the form of:

- "Sponsor a Plank" crowd funding - individuals or companies can be an integral part of the Muirneag with name inscribed on the sponsored item.
- Brand partnerships, donations in kind, team events for businesses.
- Grants from Foundations and Trusts aligned with the sectors impacted by the Muirneag project (heritage skills, community involvement, youth development, marine conservation, sport, Scottish history)

The SCIO trust has robust governance in place to ensure responsible and effective use of all donations.

THE HISTORY

For decades, Zulus were the beating heart of the sail powered Scottish fishing industry, and one of the most magnificent boats ever to sail our seas. The most highly evolved of the herring luggers, they sported colossal, aerodynamically efficient lug sails; essential at a time where fortunes could be made or lost by a vessel's speed and power.

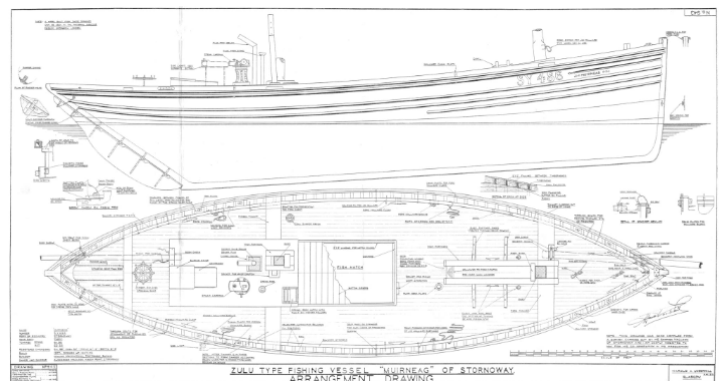
Once numerous in the harbours of the North and Celtic seas, there is now almost no trace to be found of these magnificent vessels, other than a few rotting hulks scattered along the shore, falling into obsolescence as engine supplanted sail. The class-one Zulu is the missing link in Scotland's floating seafaring heritage.



Scottish coastal communities such as Ullapool were founded on herring fishing with fleets of migrant wooden vessels following the shoals. The original SV Muirneag was ordered in 1903 by a Lewis man, Sandy MacLeod, who worked her continuously until 1939. Both vessel and captain had a formidable reputation, hard-driving, fast and able. In her later years, Muirneag was the last herring drifter to fish solely under sail.

In 1945, at the age of eighty, MacLeod took her to sea for a night before finally laying her up; he had skippered her for forty-two years. In 1947 she was sold at public auction at Stornoway for fifty pounds, from where she was towed to Loch Erisort to be broken up for fence posts.

While she was being broken up a local man, George MacLeod, surveyed her, taking painstaking measurements which formed the basis of meticulous, comprehensive plans subsequently drawn out by Harold A Underhill, of Glasgow. These plans give us the blueprint for recreating SV Muirneag



THE BUILD



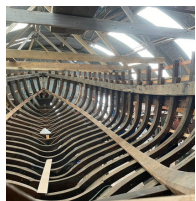
The largest of SV Muirneag's Ribs

In terms of wooden boatbuilding, sailing, and Scotland's maritime and fishing heritage, the recreation of SV Muirneag will be an event of historic importance.

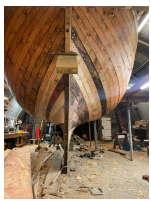
This will be the largest wooden boat build to have been undertaken in Scotland in decades.

Not only will the build restore a missing link in our heritage, it will also serve to strengthen and **expand the nation's traditional skill base**. In 2023, wooden boat building, rope, sail and spar making were included in the UNESCO recognised Red List of Endangered Crafts* for the first time.

The recreation of the SV Muirneag will showcase all of the above **Heritage Skills** at the very highest levels, while also maintaining those skills into the future.



Framing



Planking



Decking



Caulking



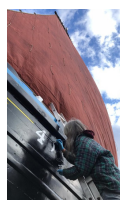
Blacksmithing



Spar making



Blockmaking



Painting



Commissioning

Whilst remaining true to the original design, the new Muirneag will incorporate modern safety and regulatory requirements to make it a safe vessel for sail training and public use.

The project will provide significant, multi-year employment to existing practitioners, as well as developing the next generation, by providing a number of high-quality apprenticeships (sponsored by Ullapool and Stornoway Port Authorities), in order to pass these traditional craft skills on to the next generation.

Timeline:

The construction phase of the project is anticipated to take three years. The objective of passing on heritage skills from experienced Ship Wrights and Boat Builders to a new generation will be achieved during each of the 5 build phases of the project, each taking ~6 months:



*Crafts classified as 'endangered' are those which currently have sufficient craftspeople to transmit the craft skills to the next generation, but for which there are serious concerns about their ongoing viability. This may include crafts with a shrinking market share, an ageing demographic or crafts with a declining number of practitioners.

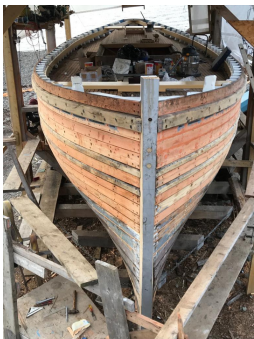
THE BOAT BUILDERS



Following a competitive tendering process, West Coast Working Boats - a collaboration between [Johnson & Loftus](#) and [Isle Ewe Boat Builders](#), have been selected as principal contractors on the build.

Both yards have a significant track record of working with historic vessels and made a compelling case in terms of their ability to host apprentices and facilitate public access to the build.

Their collaboration formed while simultaneously restoring two smaller vessels with historical significance - a smaller Zulu - [St Vincent](#), and Loch Fyne Skiff - [Clan Gordon](#). Both builds were nominated for restoration of the year at the 2024 Classic Boat Awards.



St Vincent and Clan Gordon under restoration



Clan Gordon



St Vincent

Location: Muirneag will be built at the Johnson & Loftus yard at Corrie, Ullapool.

Public and community access:

From "tree to sea" the build site will be publicly accessible, with access facilitated by a team of volunteers. Community & public engagement will be at the heart of the project.

Partnerships with relevant heritage and cultural organisations, documentary footage and social media activity will extend the project's reach wider still.

It is expected that the scale and historical significance will attract significant media attention, which will be capitalised on through an extensive network of contacts across print, broadcast and digital.

SV MUIRNEAG IN OPERATION

Recent decades have given rise to a new role for historic working boats - embodying cultural links to our past while providing life changing opportunities to young people through sail training.

In operation, SV Muirneag's primary function will be as a **Sail Training** ship:

- Providing life changing opportunities for young people
- Preserving and promoting at risk traditional seafaring skills
- Providing new opportunities for experienced crew and seafarers.



Community Access & Engagement: The vessel's annual program will include frequent and varied opportunities for community and public engagement including:

- Regular day sails and passenger trips
- Open days while alongside
- Collaborations with museums, heritage and cultural organisations
- Representing Scotland, our maritime and seafaring heritage at traditional boat festivals across northern Europe.

Citizen Science: Muirneag will have a dedicated lab space on board for passengers, trainees and volunteers to contribute to citizen science, through monitoring and recording water quality, sea temperature, mammal and seabird counts and remote beach cleaning.

Volunteering: Volunteering opportunities will be provided for the sailing and operation of SV Muirneag. For young people interested in a career at sea, volunteering is a key (and often difficult to access) step in the transition from sail trainee to paid crew.

As well as the required input from professional contractors, we will provide opportunities for volunteers to become involved in the ongoing maintenance program, further developing heritage skills.

SV MUIRNEAG FUNDRAISING

Striking a careful balance of community benefit and engagement with income generating activities, Muirneag na Mara intend to steward the vessel into the next century, as a primarily self-sustaining entity.

However, **the Build Phase involves significant capital outlay, with the cost of build estimated at £1.8 million over three years. Sponsorship is therefore required to bring this project to fruition.**

As of Q2 2025, we have been successful in a stage-one application to Heritage Lottery Fund for ~ 20% of the total project cost. This provides confidence in the credibility and viability of the project. Stage two application is being submitted in Nov'25 with funding outcome due in March'26.

The trust is engaging with national funding bodies, trusts and foundations, business and enterprise, private donors and the general public to build positive, mutually beneficial partnerships that will bring this once-in-a-lifetime opportunity to life.

Fundraising opportunities are outlined below;

Private donors and the general public;

- **Crowd funding via the "Sponsor a Plank" scheme** - see next page

Businesses and Suppliers

- **Sponsor a plank scheme** – company sponsorship of one of the larger components of Muirneag (e.g. keel, mast) - see next page
- **Brand partnerships;** Visually striking, and clearly linked to a number of marketable themes, SV Muirneag has strong potential as a compelling addition to marketing activities across a range of sectors.
- **Sponsorship in kind** through donation or discounting of key components of the build
- **Team building opportunities** – bring your team to be part of the build and learn some heritage boatbuilding skills
- **Forward selling of charter opportunities** - (once operational) for team building, conferences or as a unique board meeting location (at berth or under sail).

Foundations and Trusts

The SV Muirneag project will have an impact across many sectors (e.g. heritage skills, community involvement, youth development, marine conservation, sport, Scottish history) and hence be a good fit to the ethos of many foundations.

SV MUIRNEAG FUNDRAISING

Sponsor a plank scheme



Any donations, small or large will help toward getting the boat built and up and running.

For a lasting impression of individual or company donations we have a “sponsor a plank scheme”, where your name or a short message will be inscribed on the inside of the hull planking or ribs – providing a lasting legacy for the donation.

- Donate up to £100 – and be included in the list of sponsors on the website
 - £10 for one of the 4000 nails in the hull
 - £50 for one of the keel bolts
- £100 – small (6x3") area on plank
- £250 – larger (12x3") area on plank
- £500 – largest (12x6") area on plank
- £1000 – A small frame
- £2000 – A large frame
- £10,000 – A mast (2x available)
- £20,000 – Muirneag's Keel (1x available)
- £100,000 – Mainsail with your logo stitched on

This is run via the Muirneag Crowd funding site - [LINK](#) to follow

All sponsors will be listed on our physical sponsor wall of fame in Ullapool, and virtual wall of fame on the website. For larger donations companies can have their logos on the website for branding and publicity.

COMPANY NUMBER CS007312, CHARITY NUMBER SC053930

SV MUIRNEAG

INCOME GENERATION

Please see our financial appendix for cashflow projections

In order to sustain SV Muirneag as a primarily self sustaining entity and steward her in to the next century, the vessel's primary operations (as a community asset and delivering sail training voyages), will be complemented by a program of income generating activities:

Charter:

From the example of similar ships, there is clear and significant demand for private and corporate charter, especially the following use cases:

- Drinks receptions, product launches, award ceremonies - functions and events that need an unforgettable location
- Team building and corporate retreats - traditional sailing skills are the ultimate test and team-builder.
- Charters - fully crewed opportunities for private clients and other small groups to explore the West Coast of Scotland and Western Isles



Brand partnerships:

Visually striking, and clearly linked to a number of marketable themes, SV Muirneag has strong potential as a compelling addition to marketing activities across a range of sectors. Taking a collaborative and flexible approach, we will work with partners and clients to ensure maximum impact and return on investment across a variety of use-cases.



One area in which we anticipate particular demand is for the use of SV Muirneag for small volume cargo **deliveries of heritage products** such as whisky and traditional foodstuffs.

Filming Location/Media Appearances:

SV Muirneag will be made available and marketed in relevant directories as a location for film and TV, both docked and at sail.

Accommodation

In the winter months, where far less sailing activity is possible, we are exploring the feasibility of SV Muirneag as a unique accommodation destination in Ullapool or Stornoway.

Tours

Ullapool is a vibrant tourist location on the WC500 route and also attracting cruise visitors. Paid tours of the Muirneag will be conducted whilst at berth to showcase the history of the vessel and to be a centre piece for Ullapool Harbour.



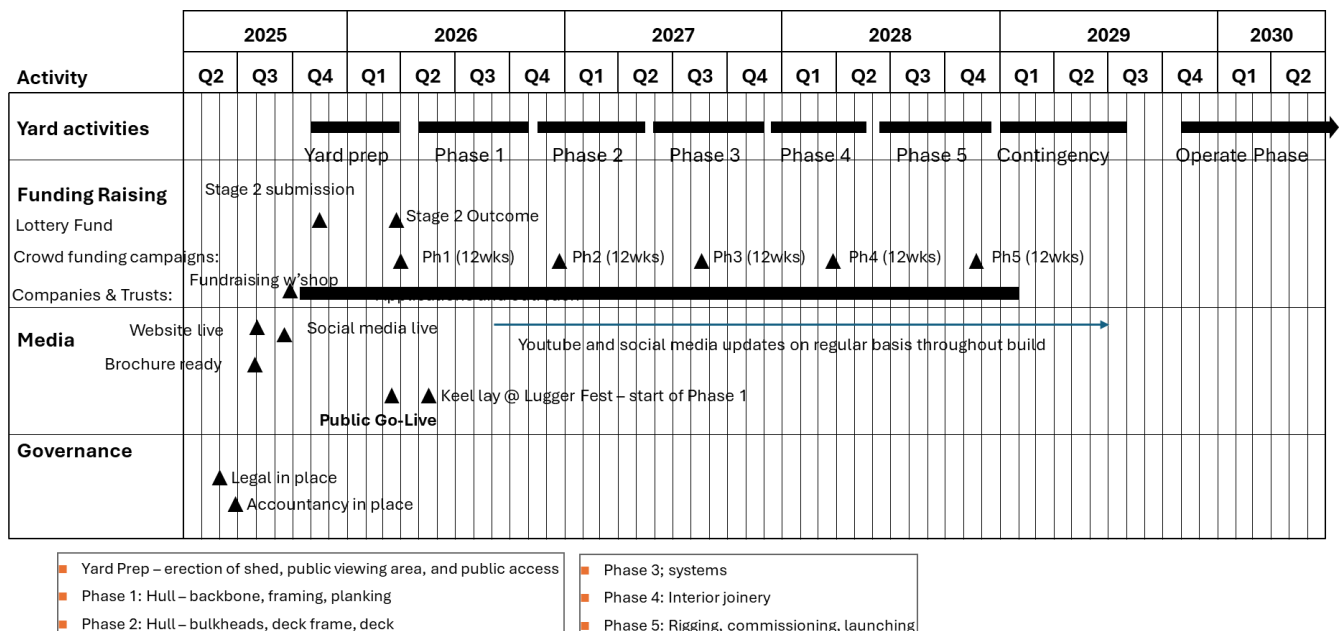
TIMELINE

Activities completed to date.

To date the Trust has been focussed on compiling robust plans and documentation in support of fundraising and governance. With Website, social media, business plan (this brochure) all now in place it is intended to kick off fundraising from September 2025.

Fundraising Strategy :

- Heritage Lottery Fund (HLF) Stage 2 Submission is planned for Nov'25 with outcome expected Mar'26.
- Fundraising across trusts, businesses and public crowdfunding will commence in Q4 2025, off the back of a fundraising workshop to brainstorm a range of potential sponsors and finalise strategy for approaching sponsors.
- In April'26, after 6 months of fundraising, and with outcome of HLF Stage 2 known, a decision will be taken on whether to proceed with a start of construction in June'26
- Start of construction (Phase 1) will be dependent* on more than 50% of fundraising achieved (i.e. £800k) to cover the first year of construction, plus the support of Ullapool Harbour Trust to underwrite the remainder of the project to provide the security that the project will be completed even if full fundraising is not achieved.
- Fundraising will then continue in parallel to the construction phases until full funding is achieved.



*Full fundraising (or underwriting) prior to start of construction is a pre-condition set by the board (and also by the Heritage Lottery Fund) to ensure completion of the project. If insufficient funds have been raised or underwriting is not forthcoming then the start of construction will be deferred until 2027 to allow for additional fundraising.

GOVERNANCE

Muirneag na Mara has been established as a Scottish Charitable Incorporated Organisation (SCIO – registration number SC053930) to oversee the build and operation of the Muirneag.

Our voluntary directors have a collective wealth of experience in the public, private and charitable sectors.

This includes a significant track record in partnership working, capital infrastructure project delivery, press and communications, public and community engagement, but also as mariners.

Further recruitment of trustees will take place as expertise requirements dictate, up to a maximum of ten.

The presence of appropriate accounting, auditing and legal services is in place to provide assurance to our partners and sponsors in terms of rigorous governance, and maximum efficiency of all donations.

Although “West Coast Working Boats” play an active part in driving the project forward, they do not have a seat on the board of trustees to ensure objectivity of decision making and avoid conflict of interest.

Updates on fundraising and construction progress will be provided regularly via the website and social media. A full report including financial details will be issued on an annual basis.

APPENDICES

OUR TRUSTEES

Greg Stone

Chair



With 30 years experience in the Energy Sector, including project management for multi-billion pound infrastructure and offshore projects, Greg brings project management and governance experience to the Trust. He is skilled in decision analysis, risk and uncertainty management, project management, regulatory engagement and stakeholder management, having worked projects across many international settings. He is passionate about youth development and sail training.

Kevin Peach MBE

Treasurer



Kevin has a 45 year seafaring/management career, including 5 years as a fisherman, 26 years as a seagoing marine scientist, and 18 years as harbourmaster. He has extensive experience on charitable trusts including being founder member of the Ullapool Community Trust, and formerly chair of Lochbroom Woodfuels, West Highland College board member, and Calmac Community board member.

As fulltime CEO/Harbourmaster of Ullapool Harbour, he has fundraised and delivered circa £40M worth of harbour infrastructure and local community projects. He is immersed in local education, conducting mock interviews, offering work experience opportunities and instrumental in setting up sail training programmes with 250 local youths undertaking fully sponsored sail training voyages globally. He is passionate to assist in preserving our rich maritime history with the creation of a new/old herring lugger for future generations.

Adrian Smith

Secretary (Legal)



Adrian has over 25 years' experience as a lawyer, having qualified in both Scotland and England and Wales. He has extensive management, personnel and governance experience having worked in various Legal, Compliance and Risk areas in the Financial Services industry. On qualifying in 1997, he was initially a corporate lawyer working in Corporate Finance and Mergers & Acquisitions in London and Edinburgh before moving in-house in 2003 with First State Investments, a fund management company (now First Sentier Investments). In 2008 he was made Head of Legal and a member of the management board of First State Investments before moving to become a senior manager and Head of Regulatory at Kames Capital (now Aegon Asset Management) in 2014. In 2019, for personal reasons, he set up a private consultancy called FMS Positive Limited, initially aimed at giving legal and compliance advice, but more recently aimed at coaching young lawyers through the challenging environment of the legal profession. Adrian has a Level 1 ICF coaching qualification alongside his legal qualifications. Adrian has also sailed all his life, has his Day Skipper qualification and has sailed extensively around Britain and in the Mediterranean.

OUR TRUSTEES

Charlotte Watters

Trustee



As an artist and arts facilitator who has returned to her home port of Ullapool, Charlotte works for the community arts charity An Talla Solais as Events and Volunteer Coordinator. Working with community and school groups, through teaching and inspiring initiatives she creates projects and assists development of the Events programme. This included delivery of ART WEEK 2024 the Arts Festival. Charlotte was a key committee member for the inaugural Lugger Fest 2024, the Ullapool traditional Sail Festival and brought boats, people and love of traditional sail to the newly developed, historic harbour.

As the daughter of a fisherman, she is keen to be on the water herself and has sailed and cruised extensively; 72 degrees North, the west coast of Africa, the Caribbean, as well as the many inaccessible bays and lochs of the west coast of Scotland.

Joseph Peach

Trustee



Joseph Peach is currently Director of Policy and Public Affairs with Culture Counts - Scotland's network of arts, creative industries and heritage organisations. Prior to this he's filled a variety of policy, advocacy and communications roles with organisations including NorthWest 2045, abrdn Financial Fairness Trust, Royal Conservatoire of Scotland and Scottish Parliament. This work accompanies a career in traditional music, as a performer, composer, educator and artist manager.

Ferga Perry

Trustee



Ferga brings a wealth of experience in project management, grant funding, and leadership, with a proven track record of driving positive change in the community. She has a passion for supporting young people to develop their interpersonal skills and increase their aspirations for life, demonstrated as Team Leader at Fairbridge Edinburgh, Project Worker at Action for Children's Intensive Support and Monitoring Service and Operations Manager at Calman Trust.

In 2012 Ferga founded the community based Velocity Café and Bicycle Workshop in Inverness, promoting health, wellbeing and sustainability. As Projects Coordinator for 12 years, she successfully led a range of projects to foster community engagement and social impact, and was instrumental in generating annual grant funding ranging from £280k to £450k.

Her career also includes 2 years as Bosun's mate on STS Lord Nelson providing sail training to able bodied and disabled trainees, plus time as trainee mate on the Spirit of Fairbridge sailing with young people with experience of a range of adverse circumstances including poor mental health, criminal justice involvement, drug addiction and homelessness.

POLICIES

Full policy documents are available
via our website www.muirneag.org

Safety:

Throughout construction the Corrie Yard will be managed in accordance with the HSE Executives standards.

Special attention will be given to ensure safe public access to the facility through a dedicated viewing area.

During Operational phase the vessel will be fully coded and registered and hence be in compliance with maritime safety regulations.



Environmental responsibility :

Our environmental impact is also a key consideration.

- Timber - the main material for the vessel - some fifty trees - will be locally sourced from small yield, sustainable forestry.
- Many of the skills and methods involved in the construction of this historic vessel pre-date carbon intensive manufacturing techniques, serving both as example and inspiration for other parts of the maritime sector.
- For each tree used in the build, we will re-plant a further ten, more than three times the Woodland Trust's recommendation of planting 3 trees per 1 felled.

Safeguarding Policy:

Muirneag Na Mara is committed to the protection of vulnerable children, young people and adults, with a full Safeguarding policy in place. We consider it the duty of all trustees, staff and volunteers involved with the project to promote the wellbeing and safety of all children, young people and vulnerable adults with whom they come into contact. All trustees, staff and volunteers working with such groups will be carefully selected (including PVG disclosures where required), supervised and appropriately trained for their role.

Diversity, Equality and Inclusion (DE&I) Policy:

Muirneag Na Mara is dedicated to ensuring equal opportunities for its workers, participants and volunteers. This commitment applies to the selection and recruitment of workers, volunteers and to participants.

Equality, diversity, and inclusion are core values guiding the Trust's mission and integral to the principal of maximum outreach in order to re-establish heritage skills and building a link to Scotland's rich seafaring heritage. The aim of this policy is to ensure that everyone is treated equally irrespective of age, disability, ethnicity including race, colour and nationality, gender, religion or belief, sexual orientation, marriage and civil partnership, pregnancy and maternity, refugees and asylum seekers, people who are neurodivergent and ex-offenders.



Anti Harassment Policy:

Muirneag Na Mara acknowledges that harassment and sexual harassment have potentially serious, long term effects on mental health, well being and ability to work. The Trust promotes a safe, inclusive and respectful environment for staff, volunteers, and participants alike, regardless of gender, race, disability, sexual orientation or any other personal attribute. Behaviour which makes people feel threatened or unsafe is not acceptable and will not be tolerated.

RISK DISCLOSURES 1

The Trustees of the SCIO trust ("the Trustees") believe that the following are the key risks associated with the project to build, maintain and run a new Class-One Zulu ship, the SV Muirneag, as a sea-going sail training boat (the "Project").

Some of the mitigants to these risks are also identified below. Other risks and/or mitigants than those detailed below may also apply. The Trust has a Risk Management process in place and the Trustees continue to monitor active risks and consider any new risks to the Project. This document may be updated by the Trustees at any time to reflect this process.

Following consideration of the risks and the mitigants, the Trustees believe that all current risks known to the Project are within acceptable limits.

Failure to secure lottery funding

The Project may not secure the £450,000 in funds from the National Lottery for which the SCIO trust has applied. This would mean that more money would need to be raised from other sources. The Trustees have considered how much to apply for from the National Lottery as a percentage of the total estimated funding requirement and are trying to meet all stipulations to ensure that National Lottery funds are secured. In addition, other sources of funding are constantly being considered and addressed.

Failure to raise sufficient funds

The Project may fail to raise the estimated £1.8m in funds from donor sources. This would seriously impact the Project to the point of not being able to deliver the project. In addition, sufficient funds may not be available to ensure that the Project starts on its anticipated start date. In this scenario, the start date of the Project may be delayed. The Trustees contain experience in raising revenue for charitable projects and believe that the Project should be able to gain enough support to proceed. The project will only be started once at least 50% of funds are in place and there is line of sight to the remainder.

The SCIO constitution includes an "asset lock and dissolution" clause which ensures that if in the worst case scenario the trust is wound up any funds transfer to another charity with similar objectives.

Fire, storm or other damage during build

The Project may be imperilled by an act of God such as fire or other storm damage during the build phase of the Project. The Trustees are arranging for insurance in the event that this event happens and continue to ensure that all relevant Health and Safety protocols are followed.

Fire, collision, storm or other damage during operation

Once built and in operation, the Project may be imperilled by an act of God such as fire, collision, storm or other damage. The Trustees are arranging for insurance in the event that this event happens and continue to ensure that all relevant Health and Safety protocols are followed. In addition, the operation of the SV Muirneag will only ever be under the oversight of an experienced captain and crew with all requisite qualifications and experience.

RISK DISCLOSURES 2

Public access to boat yard refused

The National Lottery funding is conditional on public and community access to the boat yard. The access to the boat yard is owned by parties external to the boat yard owner themselves. If access owners restrict access, this may in turn imperil the monies to be raised from the National Lottery or other sources of funding. The Trustees are seeking to put in place a contract with the owners of the access to the boat yard to ensure that all necessary access is maintained.

Cyber attack

The SCIO trust's website, crowdfunding or other social media sites may be attacked leading to loss or reputational damage. The relevant media are all protected by normal levels of security but may still be compromised. The Trustees are aware of the risk, are utilising reputable sites, and maintain an oversight of the issue.

Serious injury in yard or during operation

The boat yard is, by necessity, a place of manual labour with some potential for physical harm to employees or visitors. However, all necessary health and safety protocols apply, the boat yard is staffed by experienced personnel and there is insurance in place.

Key materials may not be available at the appropriate time

The Project relies on certain key materials being available at the right time to ensure the build remains on time and budget. To mitigate against this risk, contracts are in place for provision of long lead-time items and additionally the boat yard has already built stores of appropriate timber.

Theft or vandalism in yard or at berth

As with any physical project, the Project is threatened by theft or vandalism. However, the boat yard is in an area with low levels of crime and there are normal and appropriate levels of security in place, including ability to lock the construction shed within which the boat will be constructed.

Fraud

The Project is intending to raise significant sums of money and may be subject to increased levels of fraud or scams as a result. However, the Trustees have in place accountancy and audit processes and there will be review of physical bank statements on a regular basis (at board meetings).

Community objection

Insufficient or poor quality engagement with the local community may result in a lack of support or objection from the boat yard's local community leading to loss of community volunteering together with the potential for reputational damage or lack of funding. The boat yard is however a well-respected local resource and personnel live locally. The Trustees are building a local engagement plan to ensure that the community remains in support of the Project.

RISK DISCLOSURES 3

Poor governance

Business registration, charity or other law or accountancy breach may lead to loss or reputational damage. However, there is significant experience in the Trustees including legal and other board experience and the Project has the benefit of significant project management expertise to ensure that issues are identified, tracked and resolved.

Licence to operate withheld

Non-compliant design, equipment, materials or construction could lead to the Maritime Coastguard Agency refusing a coding or other licence application. The Trustees will ensure that all stakeholders, including key regulators, are engaged in the Project throughout all phases to ensure that any issues are identified and resolved.

Materials and/or labour costs increase significantly

The Project has been costed as at a particular date. These costs may increase due to supply or other factors, leading to an overrun in the Project timeframe or budget. The engine and other electronic parts may be most at risk as significant amounts of timber are already in-house. The boat yard maintains good levels of communication with suppliers and others in the market to keep such issues under control and observation.

Construction partnership relations

The boat yard is a partnership and the working relationship may break down. However, the relevant parties have a long friendship and a contractual document is being put in place,, including the identification of an independent mediator, to try to ensure that no such issue affects the Project.

Road traffic accident

A road traffic accident while transporting materials or personnel for the Project may lead to loss, injury or reputational damage. The constructors intend to identify a journey management process to try to ensure that no such issue arises.

Legal liability

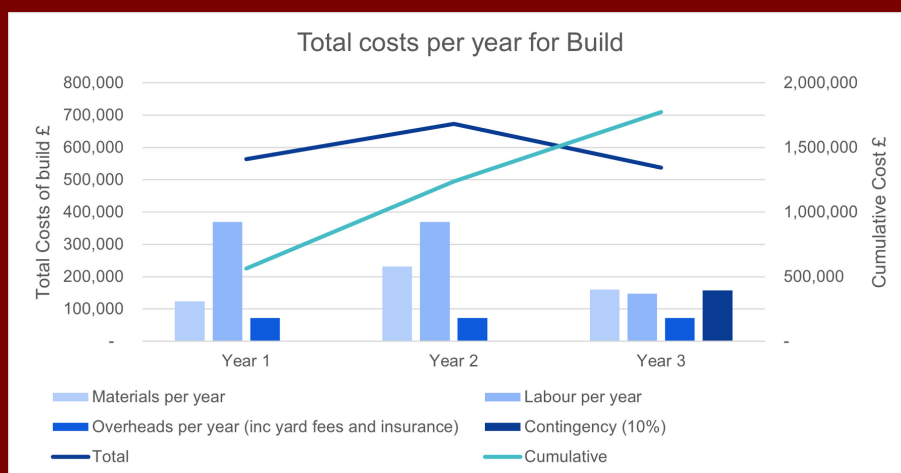
Customers, users or other third parties may claim loss or damage associated with the Project, either in construction phase or operational phase. However, both the construction yard and operational phase are under the control of very experienced personnel, users will have a legal contract to govern their relationship with the Project either during build or operational phases and appropriate insurance will also be in place.

Construction fault

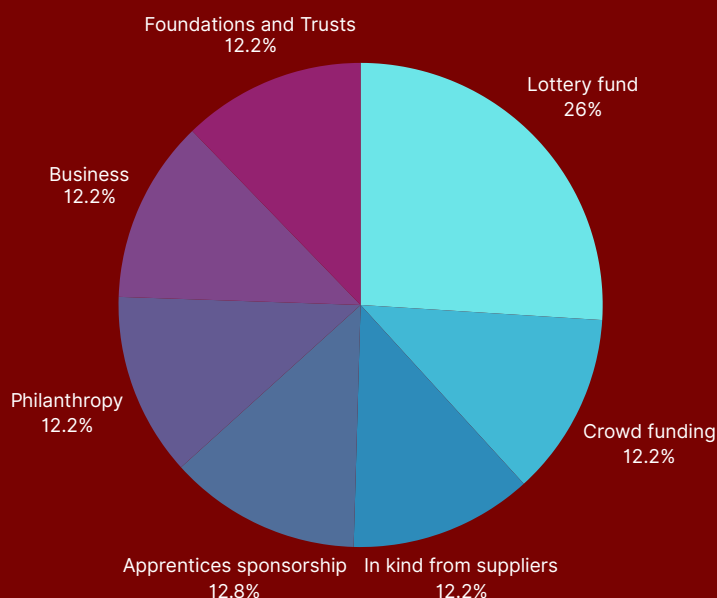
An error in construction may result in loss or reputational or other damage. The Trustees will ensure that surveyors are used to ensure construction is in line with all applicable standards and an independent inspection at the end of key phases is also being considered.

FINANCIAL OVERVIEW

Projected cost of build £1.8mln (~£600,000 per year)



Target fundraising



Projected revenue stream in Operational Mode

Operating costs comprising Crew/Staffing, Admin/Overhead and Maintenance costs are projected to run at between £250,000 to £280,000 per year over the first 10 years of service.

Operational income from multi-day voyages, day sailing, private hire, in harbour tours, accommodation and film/media revenue is projected to provide revenue in the range of £260,000 to £290,000 per year over the first 10 years of service.

It is therefore anticipated that the project will be cashflow positive in operation.

Costs and revenue streams have been benchmarked against other similar vessels/enterprises, and have been independently reviewed. Granularity of assumptions are provided in following sections.

BUILD COSTS

Costs as submitted by West Coast Working Boats (WCWB) as part of their successful tender submission form the basis for the build costs.

As part of the tender outcome WCWB were requested to review a number of cost areas including the following;

- Wage costs based on a 2.5 year construction timeline
- Wage levels reviewed in line with latest market analysis
- Costs for public access and viewing (previously out with the tender scope)

Below is the resulting total estimate of build costs comprising of a) in-tender-scope items with updates as requested above, and b) out-of-tender-scope elements which were to be sourced by Muirneag Na Mara trust (e.g. sails, windlass, as outlined in tender document). The estimate includes 10% contingency. Inflation assumed not to have significant impact on cost estimate due to the relatively short build time (2.5 years).

<i>Cost per phase per year (£)</i>	<i>average per year</i>	Year	Year 1	Year 2	Year 3	
Development phase	19,079		19,079			
Phase 1: Hull - backbone, framing and planking	104,125	1	104,125			
Phase 2: Hull - bulkheads, deck frame and deck	118,958	2		118,958		
Phase 3: Systems	112,508	2		112,508		
Phase 4: Interior Joinery	23,559	3			23,559	
Phase 5: Rig and commissioning	135,890	3			135,890	Sub Totals
Materials per year	171,373		123,204	231,466	159,449	514,119
Labour per year	295,193	All	368,992	368,992	147,597	885,580
Overheads per year (inc yard fees and insurance)	72,168	All	72,168	72,168	72,168	216,504
Contingency (10%)	158,012	All	-	-	158,012	158,012
Total			564,364	672,626	537,226	
Cumulative			564,364	1,236,989	1,774,211	

OPERATIONAL COSTS (1)

Operational costs have been estimated under the following 3 themes:

Staffing costs (for crew and staff): ~£155,000 pa (see Table 1)

It has been assumed that crewing levels for a vessel of Muirneag's size will require a full time crew of 4 (Skipper, Mate, Boson, Cook).

A full time booking administrator has also been assumed to ensure that bookings are in place to ensure the vessel is fully utilised throughout the operational season.

There may be opportunities to reduce these costs by using volunteer crew and/or seasonal layoffs of some staff, but these have not been accounted for in the estimates to date.

Overhead costs: ~£75,000 pa (see Table 2)

These include insurance, harbour fees, vessel inspections/surveys, engine fuel, heating/cooking fuel, office costs and promotional/admin costs.

Opportunities for savings (~£20k) exist via donation in kind from Ullapool Harbour Trust in the form of waiving harbour dues or providing office space. these have not been included at this stage as are not confirmed.

Table 1

Staff Costs	Cost Pa
Skipper	£55,000
Mate	£30,000
Boson	£26,000
Cook	£24,000
Booking admin	£20,000
Total	£155,000

Table 2

Overhead Costs	Cost Pa
Insurance	£20,400
Fuel	£25,000
cooking/heating fuel	£3,000
Harbour dues	£10,000
Promotion/admin	£10,000
Surveys	£4,500
Office costs	£10,000
TOTAL	£72,900

Maintenance costs: ~£50,000 pa (see Table 3, next page)

Maintenance costs have been estimated based on short term (monthly), yearly, 5 yearly and 10 yearly maintenance requirements. It should be noted that as Muirneag will be a new build vessel the maintenance in the early years of operation should be less than some of the other sail training vessels in operation which are significantly older (e.g. The Swan).

Opportunities for savings (~£11k pa) have been identified via donation in kind from Isle Ewe Boats (part of West Coast Working Boats) or Stornoway Harbour for haul out and maintenance yard costs.

OPERATIONAL COSTS (2)

Table 3: Maintenance Costs

Maintenance item	monthly cost	yearly cost	5 yearly cost	10 yearly cost
oil/filters	£200			
regular touchups/adhoc fixes	£500			
Paint/ slipping/general repairs		£10,000		
Soft furnishing cleaning/replacement		£1,000		
Navigation equipment repairs/replacement		£2,000		
Haul out/maintenance yard costs		£11,000		
Rigging repairs			£10,000	
life saving/fire fighting equipment			£10,000	
engine rebuilds/shafts out/ masts out repairs			£20,000	
One off major issue/accident repairs/contingency			£10,000	
new sails / new generator				£60,000
Total Pa	£8,400	£24,000	£10,000	£6,000
TOTAL Per Year	£48,400			

Table 4: Total Operational Costs

Operational Cost area	Annual cost
Staffing	£155,000
Maintenance	£48,400
Overheads	£72,900
Total	£276,300

OPERATIONAL REVENUE (1)

Operational Schedule assumptions.

Operational revenue is premised on operational schedule assumptions.

A number of operational schedule scenarios are presented on the next page.

The following assumptions underpin the revenue generation associated with each of those scenarios.

Common assumptions include:

- Operational sailing window in NW Scotland runs from April to October
- 3 months maintenance required
- Multi day trips are of 7 days. Price benchmarked against other sail training operators.
- Short trips are of 2.5hrs hence it is possible to have multiple trips in a day. Price benchmarked against other short trip operators in Ullapool.
- Accommodation (B&B) mostly only available when boat is not in operational mode. Price is benchmarked against other accommodation options in the region (yurts, cabins etc).
- Guided tours can be a popular option for tourists to Ullapool including Cruise Liner visitors. Price assumption is intentionally kept low to attract interest in the vessel. Assumption that tours are mostly outside of main operational window.

	Unit price	Units per day	Revenue per day
Multi day trip	1200	1	£1,200
Half day or evening trip	45pp x 25 pax = £1125	2	£2,250
In harbour guided tours	£10ppx40pax =£400	4	1600
Accommodation (B&B)	£60pp x 10pax = £600	1	£600
Film/TV set	£1000	1	£1000

From the comparison of the operational scenarios shown on the next pages it is apparent that operational revenue only varies by ~5% across these scenarios. This is due to the fact that for periods of time when there is less sailing (shoulder seasons, poor weather), the revenue lost from multiday trips or short trips is offset by increased revenue from accommodation and/or tours.

The breadth of revenue streams available provides coverage against risk of shorter operational windows, or down turn in trip bookings.

Fundraising in Operational Phase:

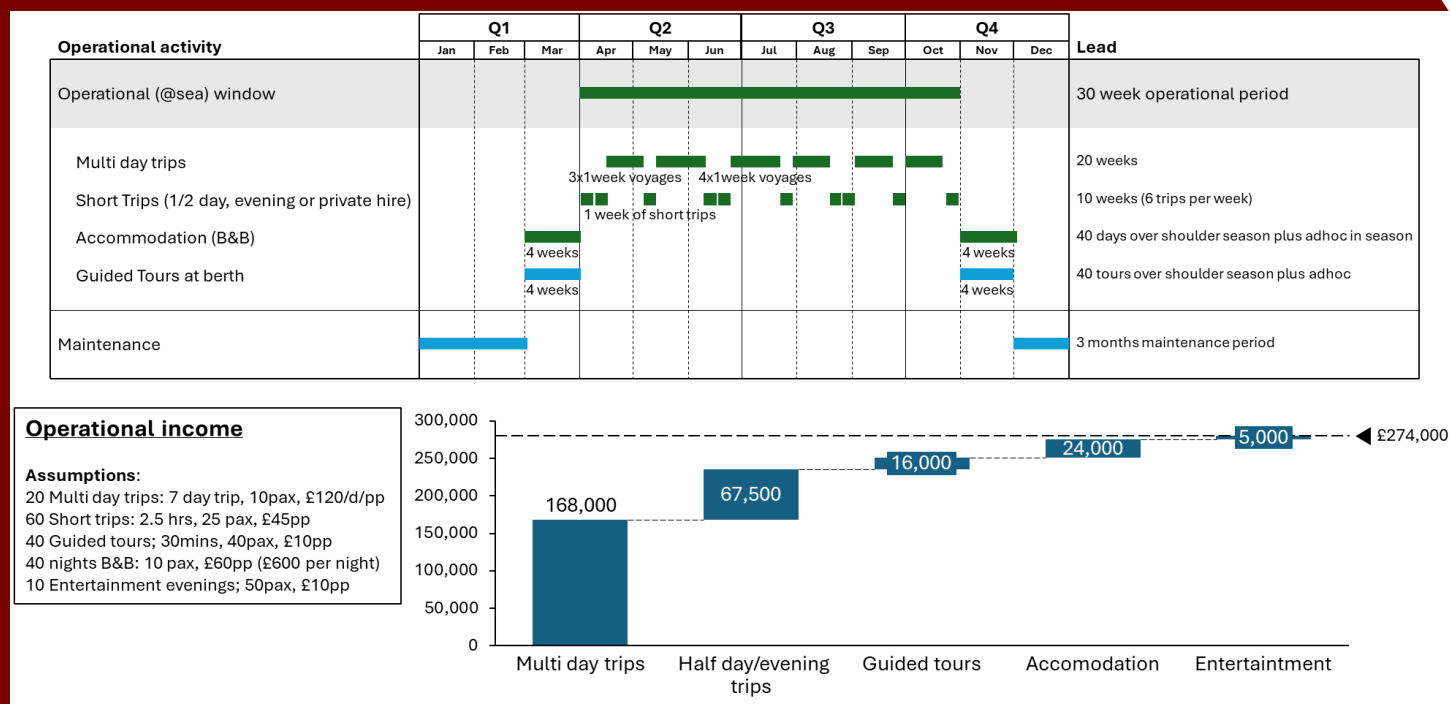
Fundraising will continue in the Operational Phase to provide bursaries for individuals or organisations who may not be in a position to fund their own trip, and to provide a buffer for any extraordinary costs that may eventuate.

OPERATIONAL REVENUE (2)

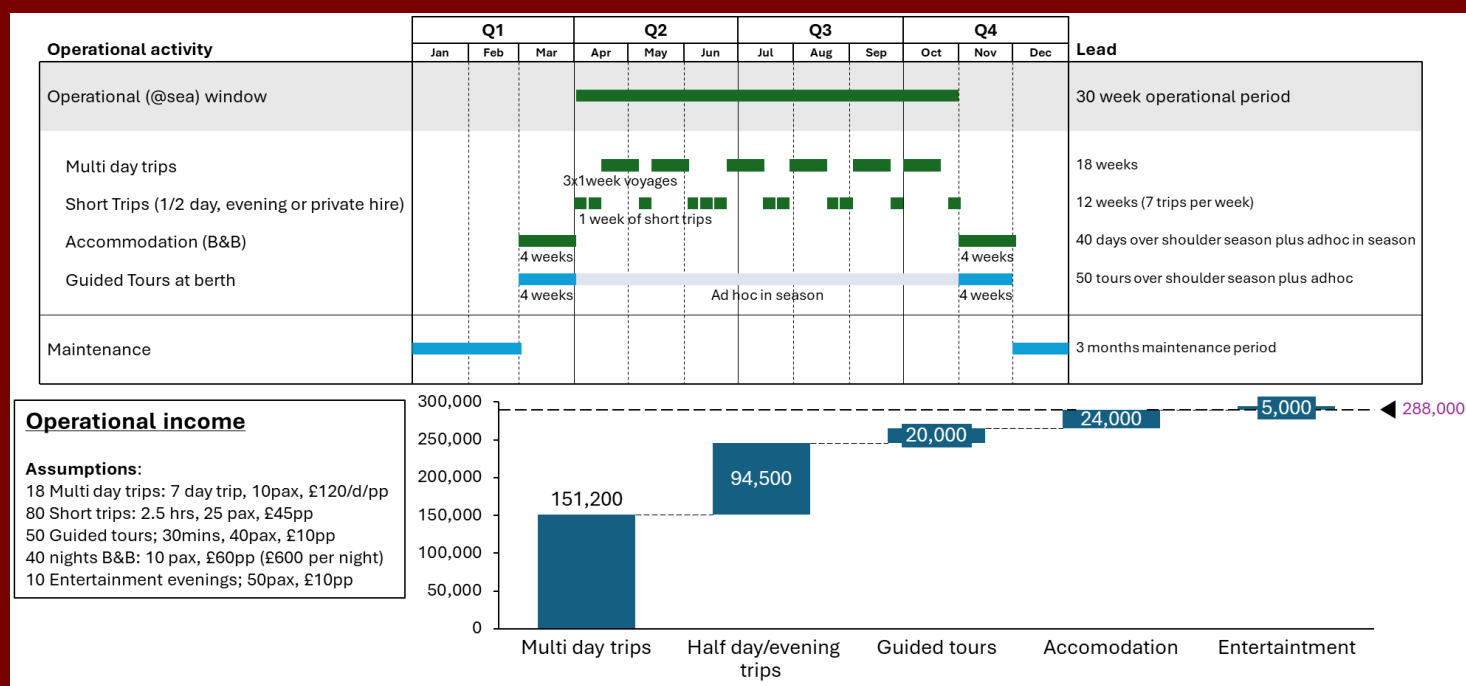
Operational Schedule Scenarios.

The following operational scenarios have been evaluated to build a realistic estimate of operational income

Scenario 1; 20 weeks of multi day voyages, 10 weeks of day trips



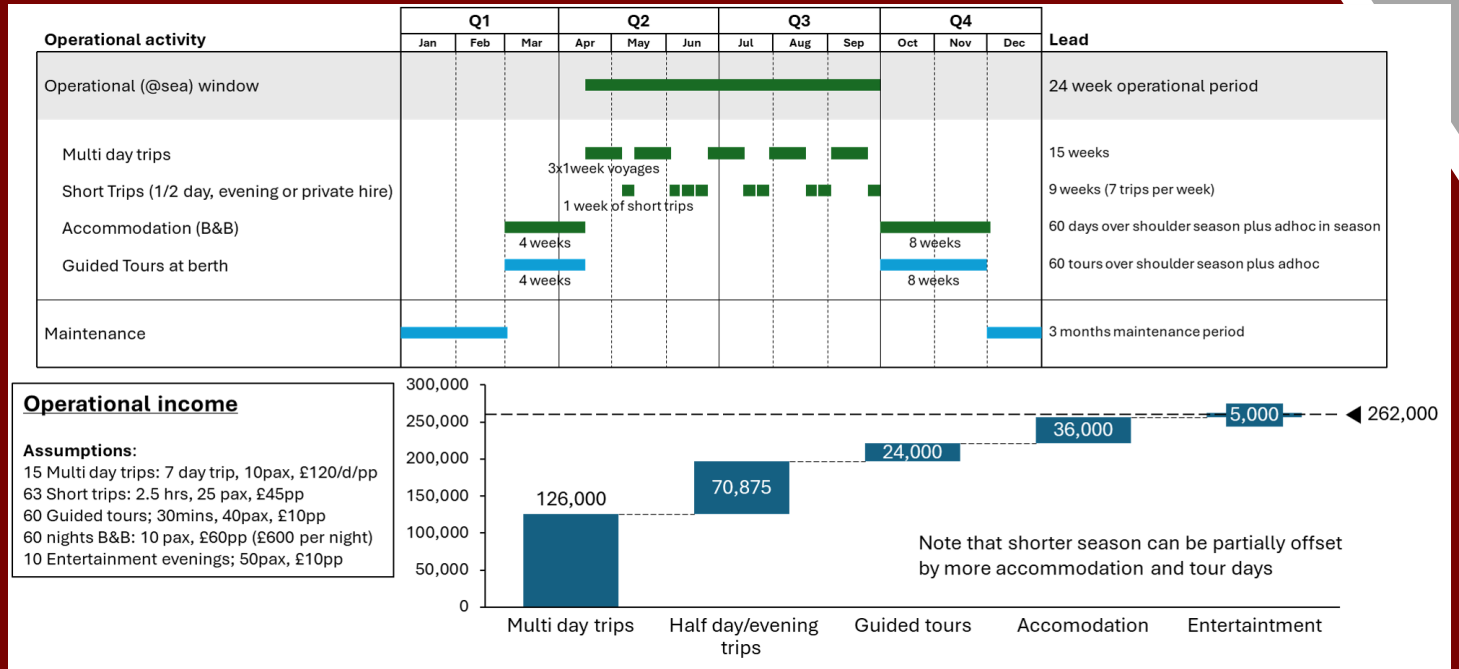
Scenario 2: 8 weeks of multi day voyages, 12 weeks of day trips, increased number of guided tours in peak season



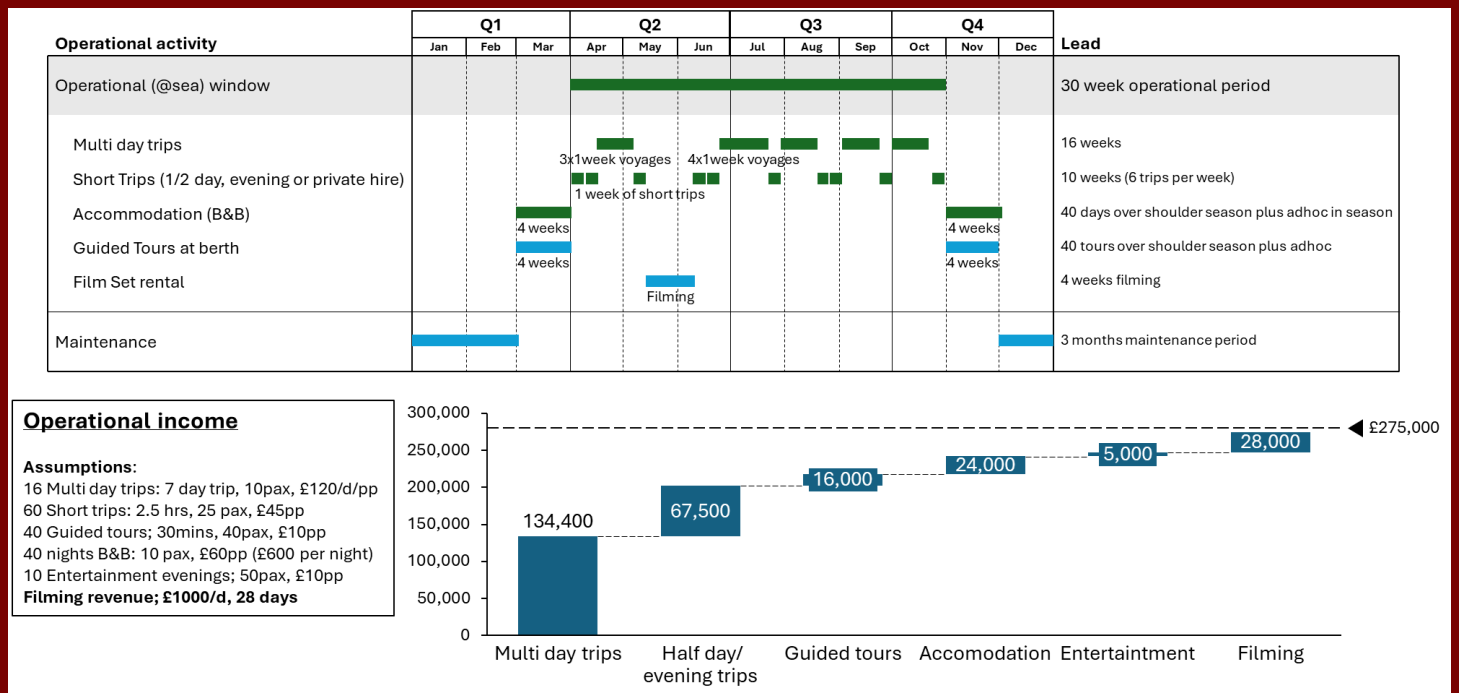
OPERATIONAL REVENUE (3)

Scenario 3: Short sailing season (i.e. due to weather)

15 week voyages, 9 weeks of short trips, more guided tours in peak season



Scenario 4: 16 weeks voyaging, 10 weeks day trips, 4 weeks film set rental



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