PROTECTING YOUR **INVESTMENT**

So what went wrong at Ownerships and Challenger – and who was affected?

In neither case did any narrowboat sharer lose their stake. Those who invested in the companies' other activities were not so lucky (Challenger's hire-fleet and European boats, Ownerships' investment schemes and 'free services' plan). However, many boaters did lose their annual maintenance fees and sinking funds.

We spoke to Peter Scott, a boat sharer of many years who has taken a close interest in the conduct of the two companies. In his view, poor financial management was to blame. "Money that was paid in for the boat's expenses was used for other purposes, and eventually lost to fraud or incompetence. There is a fundamental weakness in the companies collecting money from owners, and paying it out in arrears to suppliers. Ownerships, for example, collected in January mooring fees that would fall due in October – and then frittered away the money."

One solution is to manage the share yourself, doing without a management company. Peter's co-owners have chosen this route and estimate that the number of transactions involved every year is fewer than 20. But the self-managed route is best suited to those who already know and trust their fellow owners.

Before signing up with a management company, then, you should satisfy yourself that you're happy with their procedures – just as you would for any similar investment. How much money are you putting at risk should the worst happen? Does the company have plans for rapid expansion that could dilute their time for your boat, or conversely, are they too small for comfort? Do they have a healthy relationship with their suppliers (such as marinas), or is one company too dependent on the other? Will the company's staff keep an eye on your boat, or is it just a name on a screen, shuttling around the system? Ultimately, will they always be on your side?

The Ownerships and Challenger experience has certainly encouraged management companies to act more transparently. Many now stress that (unlike Ownerships) they operate a dedicated client account for each boat, and some allow you to pay by monthly standing order, to reduce the risk of losing the annual sum.

Peter stresses that "managing your own money is not something you should delegate". Shared ownership is sound at heart – but given that the two largest operators have collapsed within two years of each other, we would be remiss not to urge readers to take precautions.

A SHARE OF YOUR OWN

If you can't afford a new boat, shared ownership could be for you. But how do you choose between schemes – and is it safe? **Richard Fairhurst** explains what to look for...

We'd all like to spend more time afloat. If you're lucky enough to be retired, you can live the dream, cruising for months on end. But if your job only allows you four weeks' holiday a year, your boat will stand idle for the other 48.

Enter shared ownership. Instead of owning a whole boat, you own a share (typically one-twelfth) – and you have exclusive use of the boat for that proportion of the year. You share the purchase price, and the running costs. With a little careful planning, you can co-ordinate your change-over points with the other owners, so that you can travel to waterways you'd never experience with a single marina-bound boat.

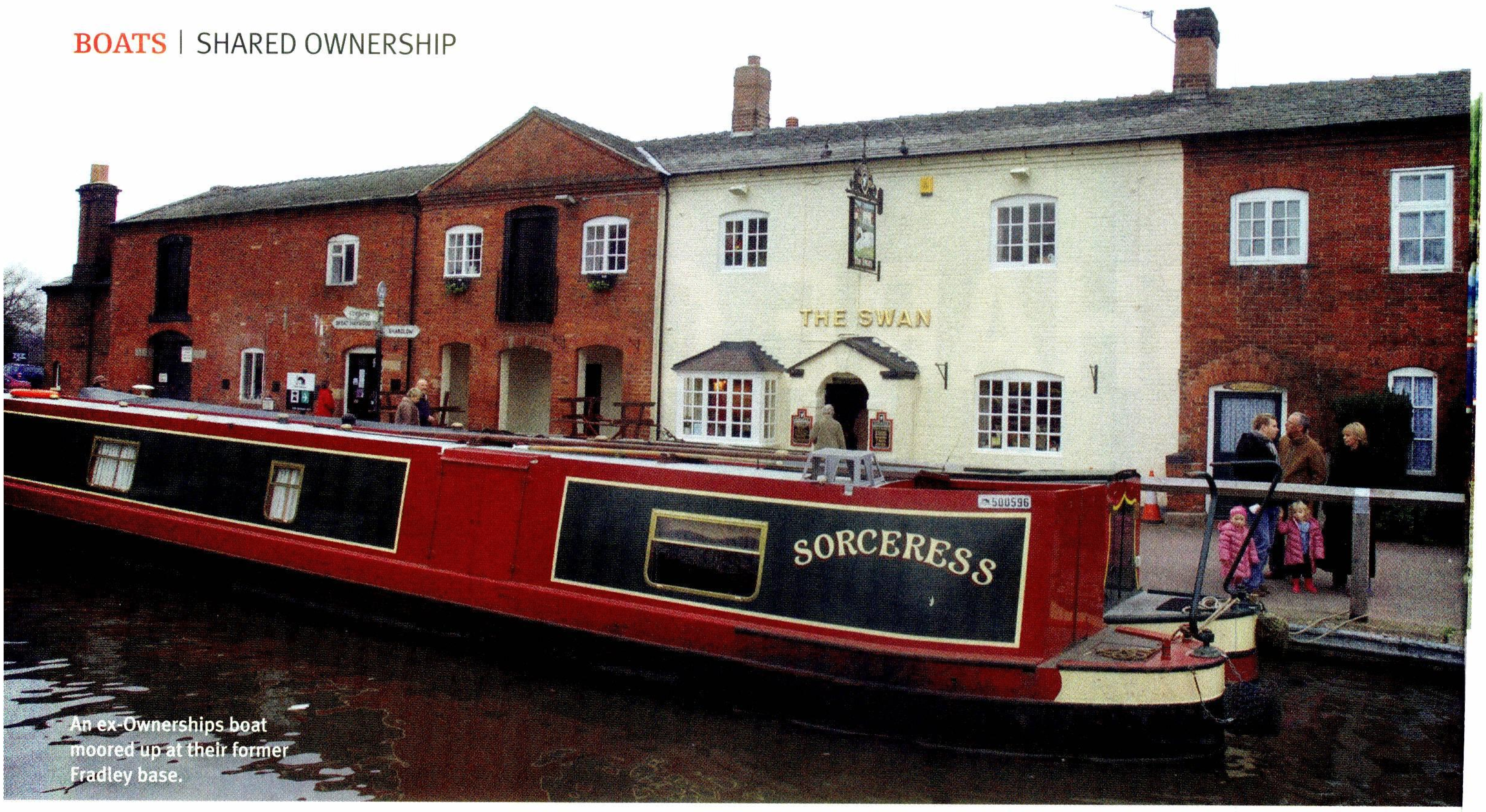
It's a seductive idea, and one that has helped hundreds of boaters to get afloat. Unfortunately, it's not been without its problems. The two largest operators, Challenger and Ownerships, both collapsed with vast debts. Is shared ownership still safe, and should you consider it?

THE BASICS

The essence of shared ownership is that it's exactly that: you and your fellow 'sharers' own the boat. You may well pay for a company to organise maintenance, moorings and meeting up, and most sharers do. But legally, it's your boat.

This differs entirely from 'timeshare', in which the boat is owned by the company and you pay for the rights to a week's holiday every year. Shared ownership should be much safer: if the company collapses, you still own the boat. Some management companies once retained 'golden shares' which gave them special voting rights, but this has gone out of fashion, and largely for the best.

Shared ownership isn't restricted to the UK waterways; this boat operates on the French canals.



An ex-Ownerships boat moored up at their former Fradley base.

Shared ownership first took root on the British canals, and there are more shared narrowboats than any other type of craft. You'll also find shared craft on the Norfolk Broads, the French waterways, and even the Med. Over-ambitious expansion abroad was a factor in the collapse of both Challenger and Ownerships, and a properly managed scheme should not invest customers' fees in new, speculative ventures.

THE OUTGOINGS

In theory, your shared ownership boat will have the same outgoings as a solely-owned boat – all shared between 12 people.

The boat needs only a standard British Waterways or Environment Agency licence, providing that there are no 'fleet markings' visible. BW insists on a 'registered keeper', who will be one (or two) of the owners.

Boat Safety Scheme requirements are also the same as other privately-owned boats (rather than the more stringent standards for hire-boats). The boat still only takes up one space in a marina – or possibly none at all, because it'll be on the move almost constantly.

But the corollary is that the boat will suffer much greater wear and tear. You should expect to service the engine every year, and replace it completely after six years. Hull blacking is an annual expense, and you'll need more frequent repaints. Most sharers pay into a 'sinking fund' to build up a reserve for major expenses.

GETTING ALONG

It's important that you trust your fellow owners. You may resent paying for a new engine if you suspect another owner of gunning along at full revs at any opportunity. And I swear there were three windlasses in this locker last time...

WW talked to several owners about relations with their fellow sharers. Two broad patterns emerged. Many owners had made new friends through sharing a boat. They would sometimes turn up to lend a hand through a long flight, and occasionally meet for social reasons away from the boat. In two cases, the owners trusted each other enough to withdraw their boat from the company management scheme and run the share themselves.

The second pattern was that owners were happy to take their four weeks a year, but wanted little else to do with the boat. They trusted the management company to make decisions and would follow their recommendations. Contact between owners was generally limited to one annual meeting.

Both approaches are valid, but resentment can occasionally arise when the two are mixed. A boat of 'active' sharers could feel that a 'passive' sharer wasn't pulling his/her weight; or conversely, 'passive' sharers may feel that one or two 'active' owners were overbearing and bossy. For the most part, though, we found that share owners got on remarkably well, and all had the best interests of the boat at heart.

One area that could cause friction was the process for dividing up the weeks of the year – particularly when some owners are tied to school holidays. Most management companies have an intricate procedure which aims to allocate weeks fairly (see right). Some restrict owners from buying more than two shares in the same boat, reasoning that this can unbalance discussions.

If the boat breaks down when on the move, or an accident happens, the individual sharer is expected to pay when it's their fault – a 'silling', perhaps, or a collision. Insurance can help, though an excess will usually apply. On the other hand, if the breakdown could have happened to anyone, the syndicate usually shares the cost. Often, the repair will be co-

ALLOCATING WEEKS

'Divvying up' the 52 weeks of the year can be the most contentious aspect of sharing a boat... especially where school holidays are involved. Any family with kids (or teachers!) will only be able to take a holiday at certain times of year. If not handled correctly, this can result in owners with kids not being able to take up their full entitlement – or other owners feeling frozen out of certain weeks.

Over the years, management companies have devised several schemes to allocate weeks fairly. Some will insist on the same scheme for all the boats they manage; others allow owners to decide.

The simplest of all systems is for the 12 owners to draw lots; they can then swap weeks among themselves until everyone is happy. A refinement is for boaters to swap turns, so the owner who got first choice one year goes to the back of the queue the next. Some schemes consider all weeks equally: others aim to ensure everyone a week in spring, summer, autumn and winter. This choice might even be formalised with preferential shares (at extra expense) guaranteeing weeks in high summer.

In some systems, all 48 weeks of the year (presuming four for maintenance) are divvied up. In others, only 36 or so are allocated, with the winter months being left as 'first come, first served' for the hardier sharers. For flexibility, several schemes restrict the number of sharers requiring school holidays to two or three per boat.

No single system is perfect for everyone, so check the details closely before signing up for a share.

ordinated by the management company and its appointed local call-out engineer.

Solely-owned boats are sometimes informally lent to friends and family. Understandably, this is frowned upon in shared ownership boats: a novice with no financial stake in the boat could cause serious damage to what is a shared investment. Almost all share agreements require that the boat may only be taken out with a named owner on board, though you are, of course, free to bring friends with you. And if that friend has four legs, make sure you don't buy a share in a 'pet-free' boat!

MANAGED OR PRIVATE?

So should you share through a management company, or organise your own syndicate?

If you haven't already enlisted 11 friends with whom to share, a management company is the obvious answer. Each company offers a 'shop window' for buying and selling shares, and co-ordinates the purchase of new boats.

With up to 15 years of experience, the contract offered by a management company should be watertight and equitable – not something you can necessarily say about an informal agreement drawn up for a private syndicate. Arguments about running the boat, and allocating weeks in particular, can sour a friendship. A management company not only provides a tried-and-tested template, it can act as an independent arbitrator.

The company will have established good, and cost-effective, relationships with mechanics and marina operators. In short, they can take away much of the hassle of boat ownership.

So what's the downside? All of this comes at a cost. The management company's profit generally comes from a premium on the annual servicing fee. This might still represent a good deal for you: by buying in bulk, the company can secure good deals, and if it owns marinas or boatyards itself it may use the operation principally to keep its own business in work.

By and large, though, the cost-conscious syndicate can save money by going it alone. If the sharers undertake always to take up their weeks, they can even go without a marina mooring entirely, just paying for a BW winter mooring.

A management company's rules and systems may not accord with the way you want to run your boat. Several syndicates started out as managed operations, and then moved to self-management after a few years – having seen what they liked and what they didn't.

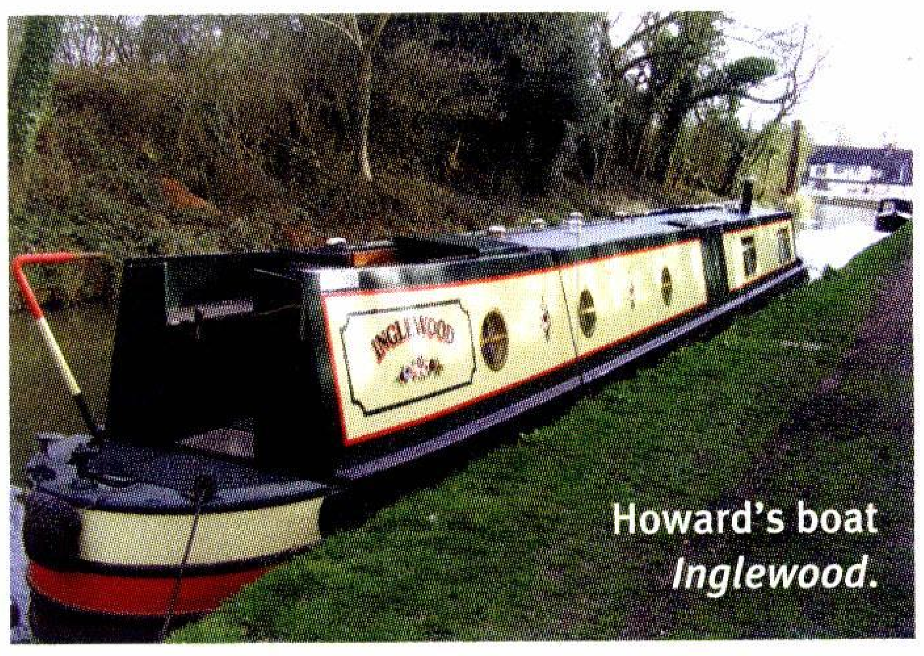
Of course, boat share is not restricted to contemporary narrowboats. Some historic boats, for example, are owned by small private syndicates. Though many management companies tout their services to new syndicates who already own a boat, they're less likely to be keen on an unusual craft where their economies of scale don't apply.

THE BOATS

Shared narrowboats are generally reliable, sturdily built 'floating cottage'-style craft in the popular 58ft–60ft region – but that's not to say that they're rudimentary. Bow thrusters and powerful inverters are the norm on new-build shared craft, and because most will be used all year round, central heating is also usual.

You're unlikely to find (comparatively untested) new technology such as jet-thrusters and joystick steering: indeed, Ownerships' demise is partly attributed to a failure to sell its new 'concept boats'.

Shared ownership fit-outs are as comfortable as a solely-owned boat.



Howard's boat *Inglewood*.

WHY IT WORKS FOR ME

Howard Anguish, a council member of the National Association of Boat-Owners, is so convinced of the benefits of shared ownership that he holds shares in two separate boats. He explains the appeal.

"Like many people, we hired over many years – sometimes twice a year. After a while, we began to realise how much money we were spending. We would have ideally liked to buy a boat, but couldn't justify it sitting idle for long periods while that stupid thing called work got in the way.

"In 1999 we bit the bullet and bought a share in a new Ownerships boat called *Somnia*, which we kept for six years. We expected to keep a share until retirement loomed, and then go the whole hog and buy our own boat. With four or five years still to go, we decided that two shares would satisfy the boating itch – and despite changing boats we still have two today.

"As I got nearer to retirement, we began to realise that full-time boat ownership is a very demanding thing to do. Unless you are prepared to devote a lot of time to the boat, sometimes at the expense of other interests, it might not be the best decision to take. Being retired, I would also be able to take advantage of any extra weeks that might become available.

"Despite the demise of Ownerships, we are still firmly committed to sharing a boat. Like a number of ex-Ownerships and Challenger boats we have decided to self manage, at least for now; so far it seems to be working with jobs and responsibilities shared out among the 12 owners involved. Inevitably some are more willing to take on jobs than others, but it has helped to get people more involved in what is, after all, their boat.

"Some boats have decided to join other share management schemes and are comforted by the help and assistance. But whichever direction is taken, I can confidently say that shared ownership is here to stay. It is a management company which has collapsed – not the concept, which has enabled many thousands over the last 20 years or so to enjoy boat ownership."

Howard Anguish's second craft, *Winthorpe*, at Fenny Compton.

MANAGEMENT **COMPANIES**

We list below the companies that manage 10 or more shared ownership boats. Several other boat-builders and 'boutique' operators may offer shares in their craft, or provide a management service.

ABC Boat Management
ABC manages around 100 boats (also including timeshare craft) from its own 14 bases and elsewhere. As part of ABC Leisure Group, best known for the Alvechurch hire fleet, it claims significant economies of scale and 35 years of experience. ABC builds its own boats and also resells shares in its managed craft, including many former Ownerships and Challenger boats. Most shares are 1/12th; cruising weeks are allocated in four seasons.
0330 3330 595, www.ukboatshare.com

BC Boat Management
BCBM was set up after the collapse of Challenger by two of its former employees, and quickly took over the management role for many of the former Challenger boats. It manages 48 boats and has set itself a ceiling of 50: a new craft has recently been commissioned. It says its philosophy is "your boat, your money, and your decision". Most boats have 12 shares, sometimes with an extra half (two-week) share. Agreements with around 10 marinas enable reduced fees for those owners who choose to moor there.
01270 628076, www.bcbm.co.uk

Carefree Cruising
Established in 2003, Carefree has 14 boats on its books, all built by its sister business Elton Moss Boatbuilders. The standard specification includes washer/drier and dishwasher. Shares are offered for lengths between two weeks (1/24th) and even eight weeks (1/6th); premium 'red' shares guarantee more summer cruising. The first year's mooring is always at Sandbach or Macclesfield, but the boat can then move wherever the owners like.
01270 760770, www.carefreecruising.com

JD Boat Services
JD has offered shared ownership since 1994 (the company itself was set up in 1986). It offers both traditional shared ownership in 1/8th or 1/2th shares, and an unusual new scheme where unsold weeks are let for hire – reducing the cost for the co-owners, and helping to bridge the gap until all the shares are sold. JD builds its own boats and is based at Gailey, on the Staffs & Worcs.
01902 791811, www.jdboats.co.uk

Ownashare
Ownashare was set up this summer by former employees of Ownerships following the latter's collapse, and intends to deliver its service through "empowered local managers". Ten boats have thus far committed to the company. In addition to the standard management service, sharers can choose additional services, such as annual surveys and winter maintenance, a helpline service, and "supervised" week allocation. It hopes to set up an autonomous Owners' Association in due course.
07530 967789, www.ownasharecruising.co.uk

Rather, shared boats use industry-standard components, with inoffensive design and traditional names. The cognoscenti can often tell company-built shared boats by their names and design: early Ownerships boats had names beginning with an 'O' or 'S', often canal placenames, while Challenger preferred military names such as *Endeavour* or *Invincible*.

A one-twelfth share in a new boat will typically cost between £6,000 and £10,000, depending on the fit-out level of the craft (and, in some companies, whether you want more 'peak' weeks). A share in a second-hand boat can be as little as £1,500.

Management companies typically estimate running costs, excluding diesel and pump-outs, at around £1,000 per twelfth share every year; of this, the management fee comprises around £300–£400. The rest covers standard expenses including mooring fees, licence and insurance, which you'd have to pay on any boat, together with repairs (for extra wear and tear) and a contribution to the 'sinking fund'. If the sinking fund is administered by the management company, it should be kept in a separate client account rather than going into their trading account.

The frugal sharer could potentially bring the annual cost down to as little as £400, by managing the boat privately and doing without a permanent mooring. But remember to budget for the day when the engine needs replacement.

SO IS IT FOR YOU?

Could shared ownership work for you – or should you keep saving for that dream boat?

It's certainly good value. You can get afloat on a brand new, luxuriously fitted narrowboat for under £10,000, and still enjoy four weeks' holiday every year. You can visit more of the system, with each owner taking it a little further each week. And if you're lucky with your co-owners, it can be a friendly, sociable way of boating.

You can't be spontaneous with a shared boat. You can't just take a couple of days off work for a quick break on the boat: it's probably booked out by someone else. Nor can you enjoy weekend-only cruises. Depending on the booking system, you may not always be able to enjoy two consecutive weeks on the boat, and you certainly won't be able to spend the whole summer boating.

What of that elusive sense of 'ownership'? You can't just refit the boat to your liking; everything has to be agreed with your co-owners. But most sharers do take a genuine pride in their boat. If you get on well with your fellow owners, you can still try DIY if you're so inclined – and many hands make light work.

Despite the collapse of Ownerships and Challenger, shared ownership continues to be popular – and rightly so. If you're a hirer looking to move up, or a boat-owner who can't spend as much time afloat as you'd like, give it some thought.

SECOND-HAND **SHARES** By Jackie Sherman

Just as boats are sold both new and second-hand, so are boat shares – that is, when shares are resold in existing syndicates.

A seller might want to trade up to a share in a newer craft, to buy a boat entirely, or simply stop boating. For the buyer, a share in an existing syndicate can be the single cheapest way of getting afloat, as the boat will be worth less than when it was new – and so will each share.

TIMING

The best time from a seller's point of view is to sell the share immediately after the last holiday of the year. You will have had all the pleasures of your chosen weeks and won't be paying for other people's disasters if they happen to get into difficulties when holidaying after you.

The idea of a New Year handover is tempting, when potential owners will be full of Christmas good cheer and may be dreaming of long hot summers on the water. But bear in mind that horrors may be discovered during the winter repairs, and that you, the seller, will be paying for the bottom blacking.

Conversely, if you're buying a boat in the autumn, bear in mind that you could be faced with a large bill soon – so make sure to ask how maintenance costs are apportioned.

PRICE

Most boat owners overvalue their shares. Unlike fine wines or paintings, narrowboats do not increase in value as they get older. Just because you paid £3,500 for your share ten years ago doesn't mean it is now worth more, or even that it will be attractive to a new owner at £3,450.

The real cost of a narrowboat share is the ongoing costs of mooring, repairs and servicing, and the longer you own the share, the more you will have to pay. The seller must weigh up losing a few hundred on the sale versus paying regular charges, month after month, waiting for the ideal purchaser.

The potential buyer should check the prices of shares on boats of a similar age before making an offer. Conversely, the seller looking for a quick sale should do the same, and aim to undercut them.

WHERE TO ADVERTISE

Management companies often provide a 'shop window' for boat shares. Their support staff should make this the easiest way to buy and sell a share.

If you're selling a share in a private syndicate, however, you will need to advertise the share yourself. Your purchaser could be anywhere, so there are really only three main ways to advertise a share in a narrowboat: magazines such as *WW*, boating websites, or the eBay auction website. Magazine adverts are used comparatively rarely for private sales of boat shares, though of course this might mean you have the viewers to yourself!

Surprisingly, very few people seem to use the ubiquitous eBay for boat shares. For sellers, disadvantages are that auctions usually only last 7 or 10 days, and you have to pay eBay a percentage of the final sale price.

General boating sale sites include *www.boatsandoutboards.co.uk* and *www.apolloduck.co.uk*. The former is free for one month, and using it, it took exactly one day for me to find my eventual purchaser. Sellers are offered support from staff together with the chance to structure the advert exactly as you want it. Apollo Duck allows you to upload a free advert set out in your own way, but is a completely DIY service; you are left to struggle with any problems alone.

www.boatshare.co.uk is perhaps the most well-known site in the UK and also charges advertisers a few pounds a month. It is a little harder for buyers to browse, as the details are not visible until you click on the name or picture of the boat and read through all the information.

SELLING POINTS

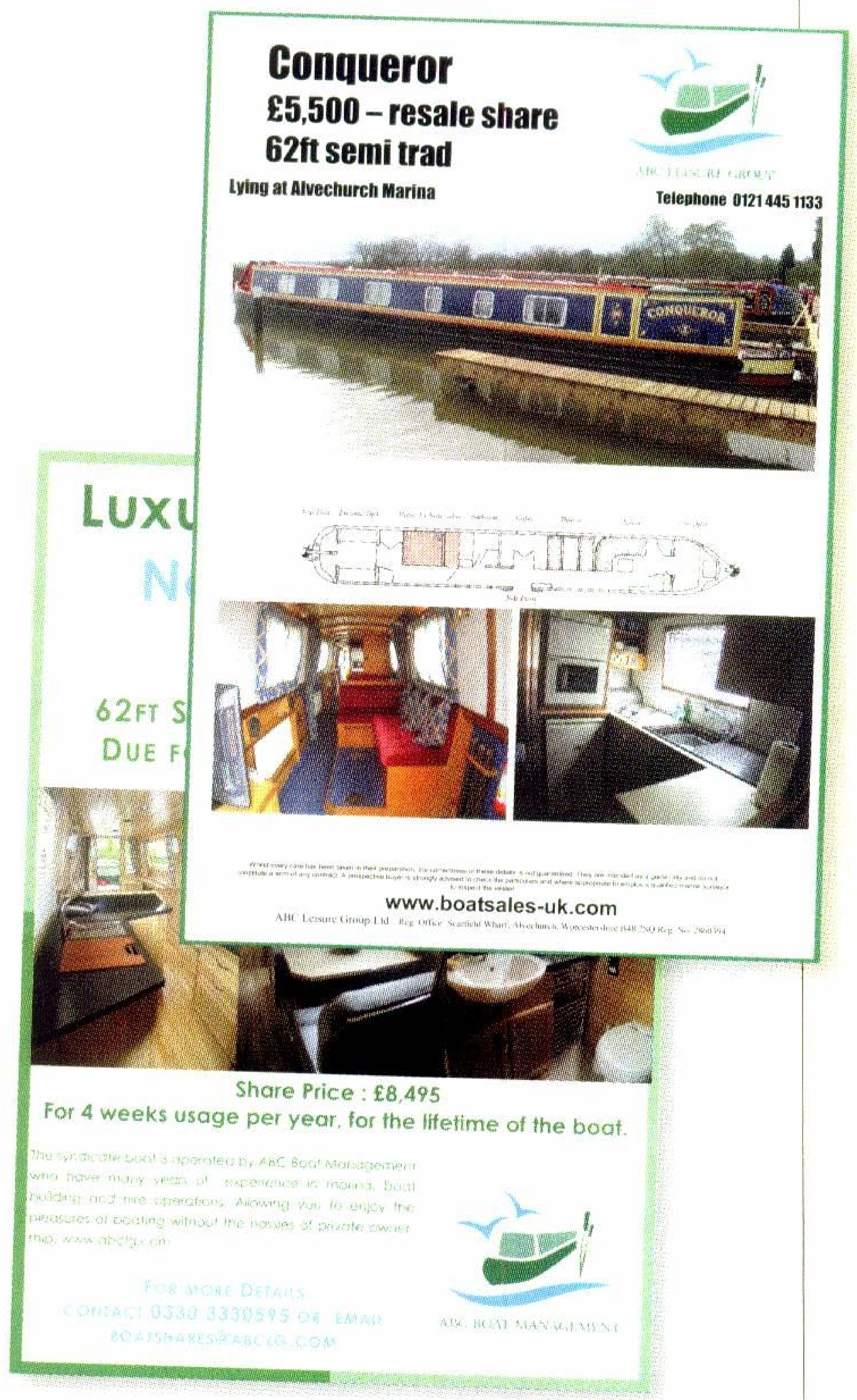
There are four crucial factors for the prospective buyer: the share price, the age of the boat, the size of the share (e.g. one-quarter or 1/12th), and the likely mooring location for the next few years.

If you're selling, you should emphasise these above all else. But bear in mind that your prospective buyer may not have read this *WW* article, and so might need the basics explaining to them. What will it cost me to run? Will I get a good choice of holiday weeks? Is the booking system fair? Can I take my dog or cat? Is the boat reliable, and has it had a new engine recently?

Shared narrowboats can look rather alike, so you may not need to take too many photos for your advert. But once a purchaser has become interested, they will want to know a bit more about things like the arrangement of galley, saloon and bedrooms, style and age of furnishings and kitchen equipment. So before the end of your last holiday, take as many photos as you can.

VIEWINGS

Buying sight unseen is risky, so most purchasers will want to look round the boat before they part with their money. However, this could prove awkward if the boat is out with another owner, who won't want to clear up the kids' toys or entertain strangers on their holiday. Nor will the seller want to keep dashing up and down in the car to take people round who may just be curious. One answer is to ask the boatyard to allow interested parties onto the boat in the middle of changeover day.



PAPERWORK

A sale conducted through a management company will usually have a standard contract. If you're selling privately, you will need to draw up the contract yourself, perhaps in consultation with a lawyer.

For our sale, I prepared an agreement and sent my purchaser two copies. He signed both and returned them to me; once his cheque for the purchase price had cleared, we signed and sent back one copy and kept the other for our records. The agreement stated full names and addresses, just to be sure, and was expressly "for the sale of one twelfth share in the narrowboat (name) at an agreed sum of £xxxx".

It went on: "By signing this agreement, the New Owners agree to pay all monies due for the maintenance and running of the boat as requested by the acting finance officer and to abide by the Syndicate Rules." As a group of owners, we had already agreed some draft syndicate rules (about voting procedures, behaviour on the boat, and so on) and so I sent the purchaser a copy. We had previously been sent a document confirming our right to the share, and so I sent a copy of that also.

HANDOVER

The seller will, of course, need to give the boat keys to the new owners – either in the flesh or by recorded delivery. But there's more than that to do: the boatyard will need to know their names and contact details; they'll need to be introduced to the other owners, maybe in the flesh or maybe via e-mail; and their names will need to be added to the insurance documents.