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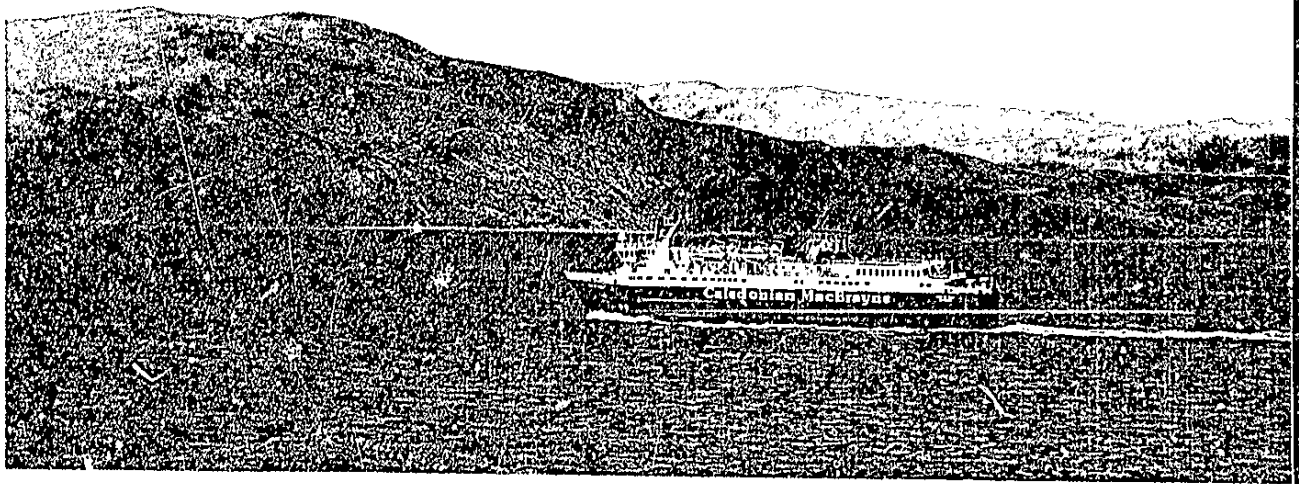
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Caledonian MacBrayne Limited



1990/11/12 00:00
1990/11/12 00:00
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Caledonian MacBrayne
Hebridean and Clyde Ferries

Caledonian MacBrayne Limited
The Ferry Terminal
Gourock, PA19 1QP
Telephone: Gourock (0475) 33755
Telex: 779318
Fax: (0475) 37607

13 May 1992

The Rt. Hon. Ian Lang M.P.,
Secretary of State for Scotland,
Scottish Office,
New St. Andrew's House,
EDINBURGH.
EH1 3SZ

Dear Secretary of State

I submit the Annual Report of Caledonian MacBrayne Limited covering the year to 31 December, 1991, together with the Statement of Accounts and a copy of the Auditor's Report thereon dated 13 May, 1992 in accordance with Section 8(1) of the Transport (Scotland) Act 1989.

*Yours sincerely
Jenny Hunter*

DIRECTORS: A.J. STRUTHERS (Chairman), C.S. Paterson (Managing Director), W.G. Cochran, A. Gichrist, D. Martin,
R.J. McKay, K.H.M. MacKenzie, G.V. MacLeod, Mrs. E.M. Sillar M.B.E.
COMPANY SECRETARY: J. Kirkwood
REGISTERED OFFICE: The Ferry Terminal, Gourock, PA19 1QP (Registered in Scotland No. 1854)

Presented to Parliament in pursuance of Section 8(1) of the Transport (Scotland) Act 1989.

Prepared for presentation to Parliament on 27 May 1992.



Chairman's Statement



A. J. Struthers
Chairman

I am delighted to report a significant improvement over the results for 1990 and as this was achieved during a period of recession it is even more pleasing. This is the second Annual Report since transfer of ownership to the Secretary of State for Scotland and we have managed to continue the trend over the last nine years of being less reliant on Government Support, in actual terms. This is a measure of both increased application to the task as well as greatly improved efficiency. This situation is healthy but I can assure you my Board are not complacent and well appreciate the responsibilities vested in them to continue the tradition of service to the communities and the increasing numbers of visitors to the islands served by the Company.

During 1991 the Board continued their policy of replacing vessels, refurbishing existing vessels as well as upgrading and modernising infrastructure as they are committed to improve service to our customers. In this connection during the year we took delivery from Ferguson Shipbuilders Limited, Port Glasgow of two new vessels "Loch Dunvegan" and "Loch Fyne", both for the Kyle/Kyleakin (Skye) service. There are also two other minor ferries building at James N Miller & Sons of St Monans, Fife; "Loch Buie" for service between Fionnphort and Iona launched in October, 1991 for delivery in May, 1992 and an 18 Car Ro-Ro ferry for service between Lochranza (Arran) and Claonaig (Kintyre) for delivery in June, 1992. Concerning major vessel replacement, tendering took place in late 1991 and in February, 1992 we signed a contract for a new 120 Car, 1,000 Passenger vessel with Richards (Shipbuilders) Ltd of Lowestoft, a subsidiary of Tate & Lyle plc. This vessel will serve on the Ardrossan/Brodick (Arran) route and is expected to come into service late Summer 1993. In respect of infrastructure, new linkspans for Coll and Tiree are proceeding well and will be operational by June, 1992. We also hope investment appraisals for linkspans at Mallaig and Armadale will be approved in early 1992 with completion of the projects for Summer of 1994. New or upgraded offices will be completed during 1992 at Coll and Tiree and it is planned to renew the passenger terminal building at Brodick. In addition new passenger access equipment will be provided within the next two years at Stornoway, Ardrossan and Brodick.

1991 was yet again another record year for carryings, the percentage increase over 1990 being Passengers 3.8%, Cars 2.9%, Buses 68% and Commercial Vehicles 0.1%. These figures confirm my remarks last year indicating the link between investment in ships and infrastructure and the increased carryings to the islands. We will continue to maintain and improve our marketing campaign, working closely with Highlands & Islands Enterprise and the Scottish Tourist Board as well as local Tourist Boards for the benefit of the economies of the islands. We are committed to quality of service and the Total Quality Programme started in 1991 will, I am sure, show positive results in the future.

I am pleased to report that in 1991 there were no significant incidents from a safety point of view. The highest priority in all our operations is safety and we fully comply with all the legislation issued by Regulatory Bodies.

However, this is costly and has been the main reason for the sharp rise in shipbuilding costs for passenger vessels in recent years, and greatly increased overhaul and maintenance costs. We still await the decision of the International Maritime Organisation concerning residual stability. Indications are that the IMO will not confirm the UK proposals and we hope there will be a sensible attitude from the UK and the DOT will not act unilaterally.

During the year a reply was received from the Secretary of State for Scotland which satisfactorily laid to rest the idea of moving our Head Office, and accepted that the Gourock/Dunoon and Wemyss Bay/Rothesay services remain within our operation for the time being. At the same time we were asked to review all our Upper Clyde services and submit a report in May 1992. We consider this is vital to the future of Clyde Services and the report pays particular regard to future plans and services taking into account the effect of the closure of the US Base at Holy Loch.

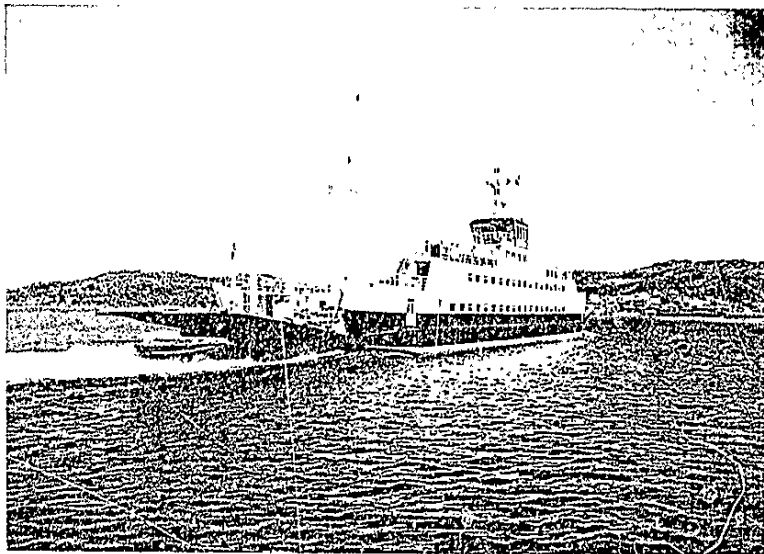
In conjunction with the Scottish Office late in the year we commenced a review of our fares structure. Pilot schemes due to take place during 1992 will be closely monitored with a view to introducing a new fares structure across the network in 1994. Other reviews to be undertaken in 1992 concern catering and marketing.

Success in any Company does not happen without the enthusiasm, application, commitment and dedication of the people who work therein. This certainly applies in Caledonian MacBrayne and I wish to pay tribute to Board Members, Management and Employees for all their hard work in 1991.

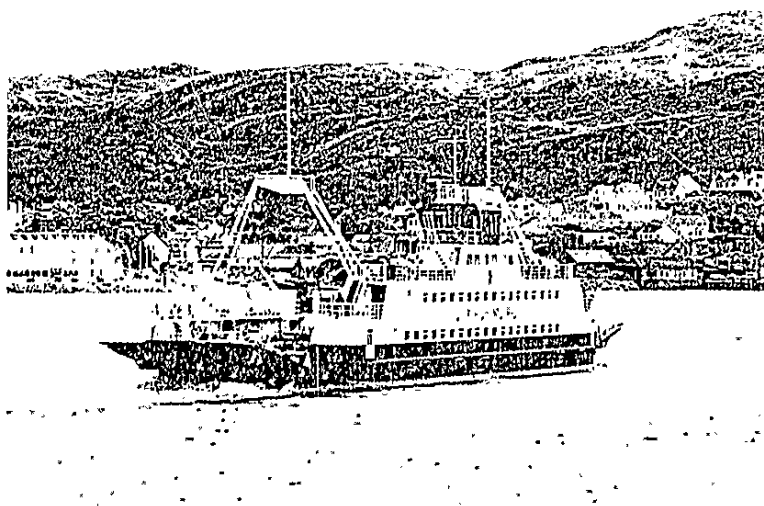
I look forward with confidence to the continued progress of the Company.

A. J. Struthers
Chairman

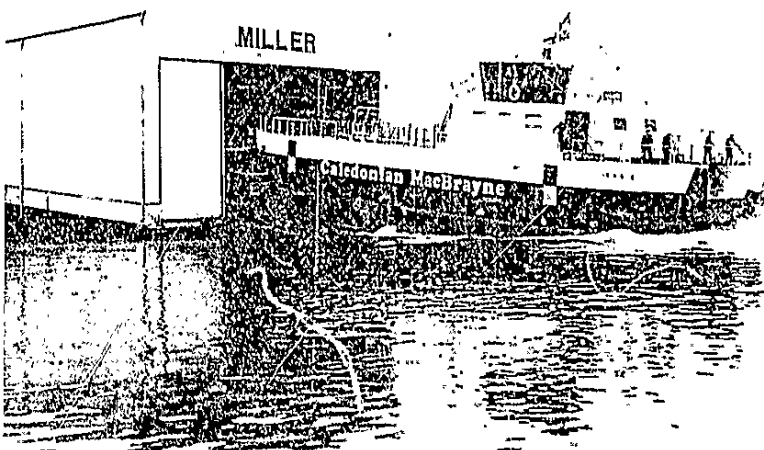
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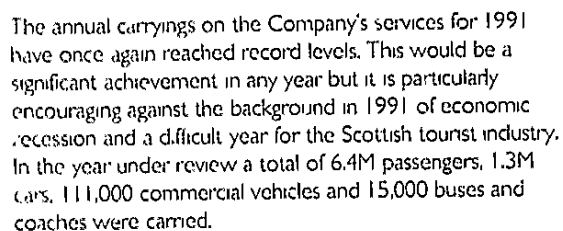
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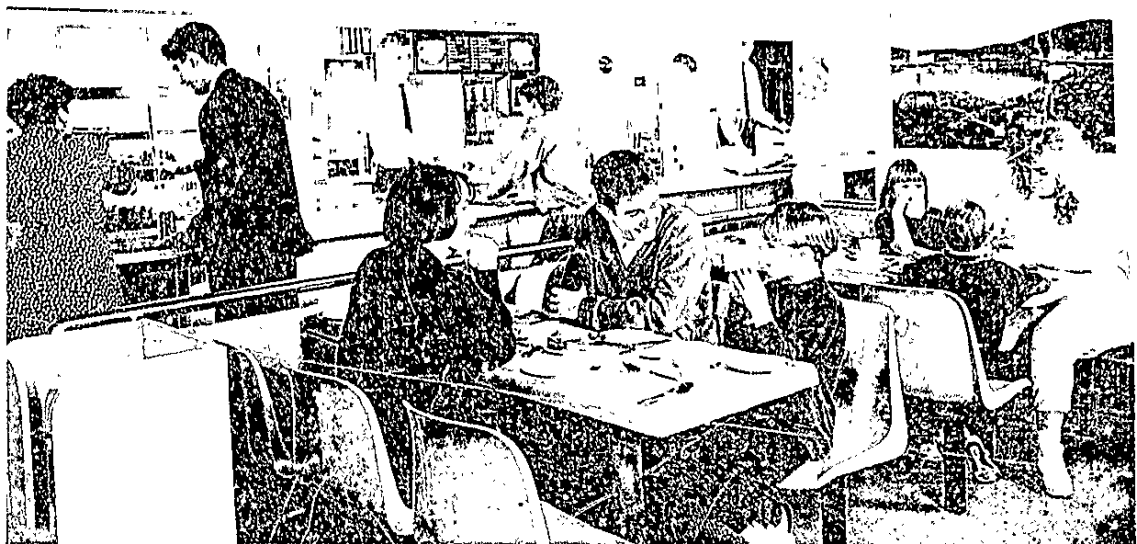
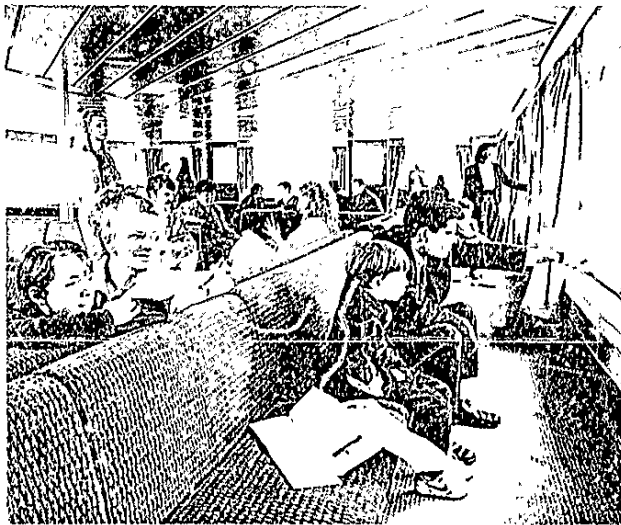
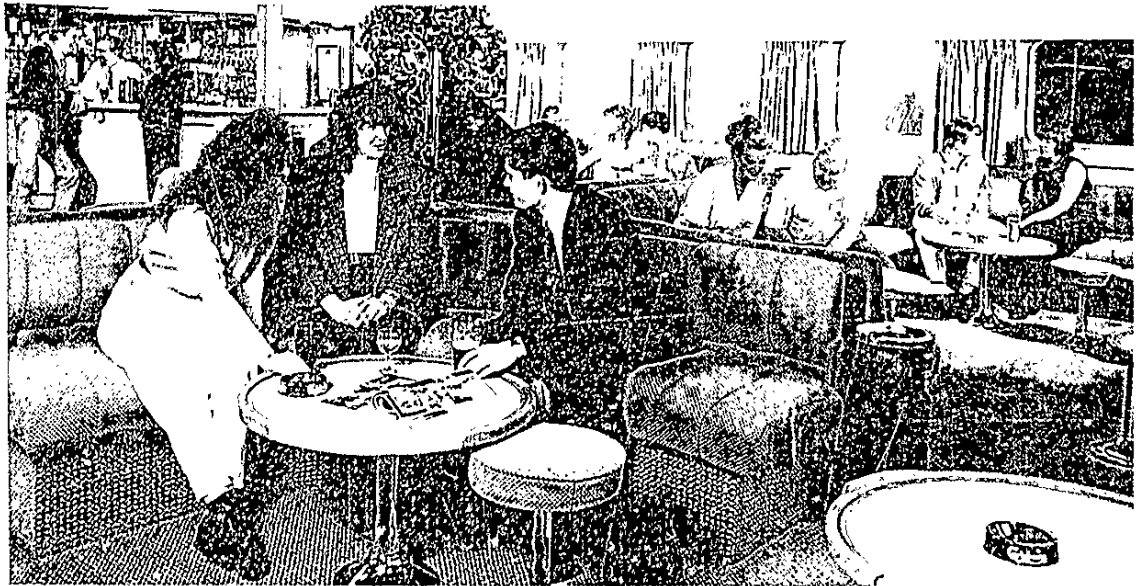


The current and past success reflected in the increased volume of traffic has been the result of a sustained marketing effort, commitment to quality of service and the continued policy of the Company to invest in modern vessels and shore facilities.

The Company continued to extend its services with the introduction of a 24 hour service on the Kyle/Kyleakin crossing. The two new 36 car ferries MV Loch Dunvegan and MV Loch Fyne took up this service in the summer and these larger capacity vessels have greatly reduced the delays at peak periods.

The importance of tourism to the economies of the islands we serve was recognised by extending the Summer timetable at both the commencement and end of the season reflecting the changes in travel and holiday patterns. Slipways were completed at Tobermory and Kilchoan enabling the extension of that service to accommodate vehicle traffic. This has proved particularly successful with carryings of 3600 cars and an increase of 96% in passengers. Construction of two new ferries to operate on Fionnphort/Iona and Claonig/Lochranza services commenced in 1991 and these vessels are due to enter service in summer 1992. Provision of Ro-Ro facilities at Coll and Tiree commenced during the year and construction is on schedule for completion by June 1992. This will considerably improve the accessibility to these islands.

In 1991 the Company against its financial target for the year "to break even in historic cost terms after receipt of grant" achieved a profit of £1,009,000 which is a considerable improvement of the previous year's surplus of £22,000. The level of revenue subsidy increased only marginally by £78,000 to £5,800,000.





List of Ships Owned

as at 31 December 1991

Major Vehicle Ferries

	SUMMER DEPLOYMENT	WINTER DEPLOYMENT
MV Claymore	Islay	Islay & Mull/Colonsay relief
MV Hebridean Isles	Tarbert & Lochmaddy	Tarbert & Lochmaddy
MV Iona	Armadale	Armadale, Islay, Arran, Mull/Colonsay, Coll/Tiree/Barra/Lochboisdale relief
MV Isle of Arran	Arran	Arran
MV Isle of Mull	Mull/Colonsay	Mull/Colonsay and Stomoway relief
MV Juno	Dunoon, Rothesay & Kilcreggan	Dunoon, Rothesay & Kilcreggan
MV Jupiter	Dunoon, Rothesay & Kilcreggan	Dunoon, Rothesay & Kilcreggan
MV Lord of the Isles	Coll, Tiree, Barra & Lochboisdale	Coll, Tiree, Barra & Lochboisdale
MV Pioneer	General relief	Small Isles & Clyde relief
MV Saturn	Dunoon, Rothesay & Kilcreggan	Dunoon, Rothesay & Kilcreggan
MV Suilven	Stomoway	Stomoway

Small Vehicle Ferries

MV Bruernish
MV Canna
MV Coll
MV Eigg
MV Isle of Cumbrae
MV Kilbrannan
MV Loch Dunvegan
MV Loch Fyne
MV Loch Linnhe
MV Loch Ranza
MV Loch Riddon
MV Loch Striven
MV Morvern
MV Raasay
MV Rhum

Passenger Ferries

MV Keppel
MV Lochmor

Ferry Boats

FB Dart Princess
FB Ulva

Under Construction

MV Loch Buie
Yard No. 1046



Results for the Year Analysed by Area of Operation

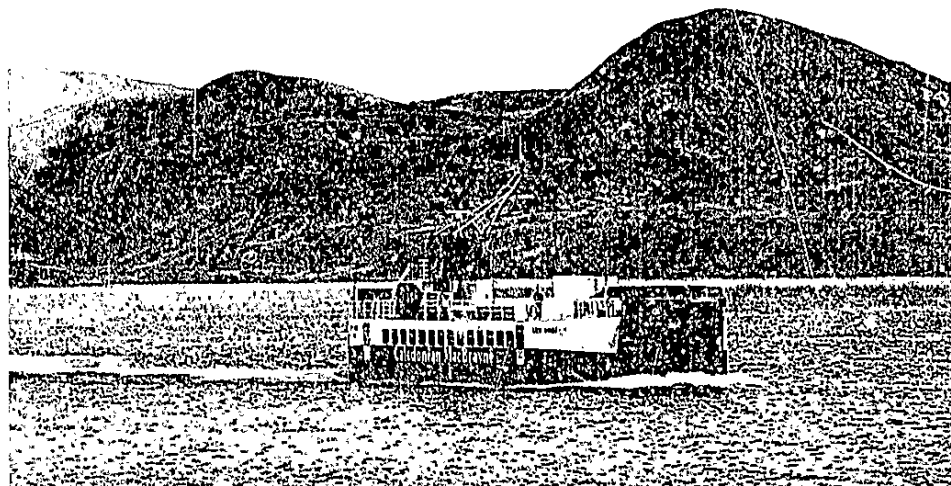
	1991		1990	
	£000	£000	£000	£000
Operating Deficit/(Surplus):				
Upper Clyde		567		516
Outer Isles		641		1,096
Islay/Gigha		770		851
Mull		21		123
Skye and Small Isles		114		187
Colonsay		292		258
Arran/Kintyre		(609)		(387)
		1,796		2,644
Net deficit/(surplus) on other activities		(24)		16
		1,772		2,660
Depreciation (net of Capital Grants)	2,014		1,836	
Profit on sale of fixed assets	(176)		(11)	
Reserve fleet costs	731		892	
Interest payable	779		743	
Interest receivable	(329)		(420)	
		3,019		3,040
OPERATING DEFICIT BEFORE REVENUE GRANT		4,791		5,700
Revenue grant from Secretary of State for Scotland		5,800		5,722
PROFIT BEFORE TAXATION		1,009		22

Car traffic continues to grow with a 2.8% rise in 1990, and a 27.7% rise in the past five years. Modern vessels and linkspan installations have played a major part in encouraging greater use by motorists of the ferry network.





	1987	1988	1989	1990	1991
TRAFFIC CARRYINGS (000s)					
Passengers	5,095	5,355	5,835	6,157	6,394
Cars	1,025	1,120	1,231	1,273	1,309
Commercial vehicles	98	100	108	111	111
Buses and coaches	12	11	13	14	15
PERCENTAGE OF SCHEDULED SERVICES COMPLETED ON TIME					
Summer	95.5	95.5	95.5	94.7	96.1
Winter	96.3	95.0	94.6	93.8	95.7
PERCENTAGE OF SCHEDULED SERVICES NOT OPERATED					
Summer	0.5	1.0	0.8	0.6	0.7
Winter	0.5	3.0	1.2	1.4	1.2
REVENUE SUBSIDY PER PASSENGER (£)					
Actual	1.35	1.22	1.08	0.93	0.91
Real terms (Base: 1991)	1.78	1.53	1.25	0.98	0.91
OPERATING COSTS PER PASSENGER (£)					
Actual	4.20	4.31	4.27	4.59	4.74
Real terms (Base: 1991)	5.53	5.42	4.96	4.86	4.74
REVENUE SUBSIDY AS PERCENTAGE OF TURNOVER					
	29.0	25.8	23.3	20.0	18.3
REVENUE EARNED PER EMPLOYEE (£000)					
Actual	20.5	22.7	25.1	28.3	31.2
Real terms (Base: 1991)	26.9	28.5	29.2	29.9	31.2





Report of the Directors

The Directors have pleasure in submitting their Report and Accounts for the year ended 31 December 1991.

Results:

The Company made a profit of £1.0M after tax. No dividends have been paid or are proposed, which leaves a profit of £1.0M to be retained.

Review of the Business and Future Developments:

During the year the Company, under contract with the Secretary of State for Scotland, maintained approved services by sea in both the Clyde and Western Isles areas and in addition, operated services outwith the Undertaking with the Secretary of State for Scotland.

Turnover for the year has increased by 10.9% to £31.7M whilst operating costs increased by 7.1% to £30.3M. In the opinion of the Directors, the state of affairs of the Company is satisfactory.

Under direction of the Secretary of State for Scotland the Board of Directors examined the possibility of relocating the Company's headquarters and the possibility of transferring the Gourock/Dunoon and Wemyss Bay/Rothesay services to the private sector and recommended to the Secretary of State that neither of these changes be implemented. This recommendation was accepted by the Secretary of State but with the proviso that the Upper Clyde Services would be reviewed again in the future. The Board continues to examine carefully existing practices in order to find more efficient and cost effective ways of delivering and improving standards of service.

The Company continues its fleet replacement programme and during the year took delivery of two new vessels for operation on the Kyle/Kyleakin service with the planned delivery of two new ferries in 1992 for service on the Fionnphort/Iona and Claonaig/Lochranza routes. An order was placed in February, 1992 for a new 120 car, 1,000 passenger vessel for the Ardrossan/Brodick service due for delivery in summer 1993. The upgrading and improvements to terminal facilities continue with the provision, during the year, of slipways at Tobermory and Kilchoan. The construction of linkspan facilities at Coll and Tiree is now well advanced for completion by June 1992.

Fixed Assets:

Movements in fixed assets during the year are set out in Note 6 on the Accounts. The most significant additions are in respect of building costs on completion of the two ferries to be deployed on Kyle/Kyleakin service, the construction of two ferries for operation on the Fionnphort/Iona and Claonaig/Lochranza services and the linkspan facilities at Coll and Tiree.

Political and Charitable Donations:

There were no political or charitable donations made during the year.

Directors and their Interests:

The following present Director served throughout the year:
Mr C S Paterson

The following present Directors, who served throughout the year, were appointed by invitation of the Secretary of State for Scotland to hold office to the dates shown:

Mr A J Struthers	-	31 December 1992
Mr W G Cochrane	-	28 March 1993
Mr A Gilchrist	-	28 March 1995
Mr K H MacKenzie	-	28 March 1993
Mr G V MacLeod	-	28 March 1995
Mrs E M Sillars MBE	-	28 March 1993
Mr D Martin	-	28 March 1993

None of the Directors held any interest in the shares of the Company. Mr R J McKay was appointed to the Board on 4 March 1992, and retires from the Board at the Annual General Meeting and being eligible, offers himself for re-election.

Employees:

For some years, the vast majority of employees have been formally represented by Trade Unions recognised for collective bargaining purposes; in addition a system of Employee Participation and Consultative Committees has been well established.

Through either the formal negotiating or consultative process, or a mixture of both, employees at all levels, through their representatives, have been provided with information on matters concerning them and encouraging their involvement in the activities of the Company.

All of these measures are constantly under review to ascertain whether or not improvements can be made.


Policy of Employment of Disabled Persons:

It is the Company's policy to consider applications for employment from disabled persons on the same basis as other potential employees subject to the nature and extent of disability and the degree of physical fitness demanded of manual operative staff. Ability and aptitude are the determining factors in the selection, training, career development and promotion of all disabled employees. If any employee becomes disabled during the period of employment, the Company will, if possible, retain the employee for duties commensurate with his/her abilities following the disablement.

Auditors:

A resolution to appoint Auditors will be put to the members at the Annual General Meeting.

By Order of the Board


Secretary
13 May 1992



Report of the Auditors TO THE MEMBERS OF _____
Caledonian MacBrayne Limited

We have audited the financial statements on pages 11 to 20 in accordance with Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the Company at 31 December 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the current cost information set out in note 16 on pages 18 to 20 has been properly prepared in accordance with the current cost principles, accounting policies and methods described in that note.

Ernst & Young

Chartered Accountants
Registered Auditor
GLASGOW
13 May 1992



Profit and Loss Account

for the year ended 31 December 1991

	Notes	1991		1990	
		£000	£000	£000	£000
TURNOVER	2		<u>31,746</u>		<u>28,616</u>
OPERATING EXPENDITURE					
Fuel, Power and Lubricants		2,700		2,693	
Maintenance Materials, Supplies and Services		<u>4,711</u>		<u>5,377</u>	
			7,411		8,070
Staff Costs:					
Wages and Salaries		12,726		10,974	
Social Security Costs		999		848	
Other Pension Costs		<u>868</u>		<u>716</u>	
			14,593		12,538
Depreciation		2,733		2,660	
Less: Credit for Capital Grants		<u>(719)</u>		<u>(824)</u>	
			2,014		1,836
Other Operating Charges			<u>6,269</u>		<u>5,827</u>
TOTAL OPERATING EXPENDITURE			<u>30,287</u>		<u>28,271</u>
OPERATING PROFIT FOR YEAR			1,459		345
Interest Receivable		329		420	
Interest Payable	3	<u>(779)</u>		<u>(743)</u>	
			(450)		(323)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3		1,009		22
TAXATION	4		<u>36</u>		<u>63</u>
PROFIT FOR FINANCIAL YEAR			1,045		85
RETAINED PROFITS BROUGHT FORWARD			<u>5,849</u>		<u>5,764</u>
RETAINED PROFITS CARRIED FORWARD			<u>6,894</u>		<u>5,849</u>

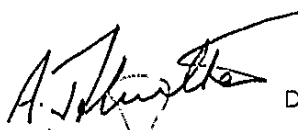
The Notes on pages 14 to 20 form part of these Accounts

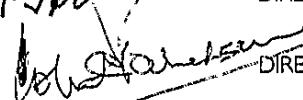


Balance Sheet

as at 31 December 1991

	Notes	1991		1990	
		£000	£000	£000	£000
FIXED ASSETS					
Tangible Assets	6		48,215		42,287
Investment in Subsidiary Undertaking	7		—		—
			<u>48,215</u>		<u>42,287</u>
CURRENT ASSETS					
Stocks of raw material and consumables		388		376	
Debtors	8	5,302		4,168	
Cash at Bank and in Hand		<u>1,653</u>		<u>4,030</u>	
		7,343		8,574	
CREDITORS					
Amounts falling due within one year	9	<u>7,115</u>		<u>6,075</u>	
NET CURRENT ASSETS			228		2,499
TOTAL ASSETS LESS CURRENT LIABILITIES			48,443		44,786
CREDITORS					
Amounts falling due after more than one year	10	8,278		7,097	
ACCRUALS AND DEFERRED INCOME					
Capital Grants		<u>18,271</u>		<u>16,840</u>	
			26,549		23,937
			<u>21,894</u>		<u>20,849</u>
CAPITAL AND RESERVES					
Called up Share Capital	12	15,000		15,000	
Profit and Loss Account		<u>6,894</u>		<u>5,849</u>	
		21,894		20,849	


DIRECTOR


DIRECTOR

13 May 1992

The Notes on pages 14 to 20 form part of these Accounts



Source and Application of Funds

for the year ended 31 December 1991

	1991		1990	
	£000	£000	£000	£000
CASH AT BANK AND IN HAND AT 1 JANUARY		4,030		568
SOURCE OF FUNDS				
Profit before taxation		1,009		22
Adjustments for items not involving the movement of funds:				
Depreciation, net of capital grants		2,014		1,836
Net gain on disposal of tangible assets		(176)		(11)
Total generated from operations		<u>2,847</u>		<u>1,847</u>
Issued share capital		—		15,000
Capital grants received		766		4,259
Proceeds on disposal of tangible assets		187		24
Loans received		3,536		1,995
Taxation recovered		102		—
Total from other sources		<u>4,591</u>		<u>21,278</u>
		<u>7,438</u>		<u>23,125</u>
		11,468		23,693
APPLICATION OF FUNDS				
Capital Expenditure		8,672		3,293
Loans repaid		1,900		4,492
Taxation paid		—		197
		<u>10,572</u>		<u>7,982</u>
		896		15,711
(INCREASE)/DECREASE IN WORKING CAPITAL				
Stock		(12)		(57)
Debtors		184		(424)
Creditors: amount falling due within one year		<u>585</u>		<u>(11,200)</u>
		<u>757</u>		<u>(11,681)</u>
CASH AT BANK AND IN HAND AT 31 DECEMBER		<u><u>1,653</u></u>		<u><u>4,030</u></u>

The Notes on pages 14 to 20 form part of these Accounts



Notes on the Accounts

1. Accounting Policies

(a) Accounting Convention

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards with the exception of the current cost information in Note 16.

(b) Consolidation

Consolidated accounts have not been prepared as there is no material difference between Group and Company accounts. The subsidiary undertaking did not trade during the year.

(c) Tangible Assets

Gross book values of all tangible assets are stated at cost.

(d) Depreciation

No depreciation is provided on freehold land. Depreciation is provided on other tangible assets by equal annual instalments calculated to write off the gross book values over their estimated useful lives as follows:

Buildings (Freehold)	40 years
Buildings (Leasehold)	The shorter of the term of the lease and 40 years
Piers Slipways and Linkspan facilities	40 years
Ships	20 years
Vehicles	5 years
Plant and machinery	Between 3 and 10 years

(e) Capital Grants

Capital grants are deferred and taken to the Profit and Loss Account over the anticipated lives of the relevant assets.

(f) Stock

Stock is valued at the lower of invoiced cost and net realisable value.

(g) Annual Overhauls

The Company's policy is that each year the accounts generally should bear the cost of one annual overhaul for each vessel. For vessels delivered after 1976, any overhaul costs incurred in the winter before the year end are carried forward as prepayment and the total cost of the overhaul written off in the following year.

For vessels delivered up to 1976, the first annual overhaul carried out was charged to the accounting year in which the overhaul took place. Depending on the timing of subsequent overhauls, prepayments or accrual adjustments are made in order to ensure that each year bears the cost of one overhaul.

(h) Deferred Taxation

Provision is made for deferred taxation only insofar as a liability is expected to arise within the foreseeable future.

(i) Pensions

The Company operates a defined benefit scheme. Contributions are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the Company.

2. Turnover

Turnover represents gross revenue for the year stated net of value added tax and includes the following:

	1991 £000	1990 £000
Grants arising from Section 151 of the Local Government (Scotland) Act 1973	80	75
Subsidy from the Secretary of State for Scotland	5,800	5,722



Notes on the Accounts

3. Profit on Ordinary Activities before Tax

The Profit is stated:

	1991 £000	1990 £000
(a) After charging:		
Auditors' remuneration	24	23
Depreciation on Fixed Assets	2,733	2,660
Interest payable on bank loans and overdrafts	779	743
(b) After crediting:		
Release of capital grants	719	824
Net gain on disposal of tangible assets	176	11

4. Tax on Profit on Ordinary Activities

The tax credit for the year is made up as follows:

	1991 £000	1990 £000
Loss relief in respect of previous years	11	77
Underprovision in respect of tax credit (1990: charge) from previous years	25	(9)
Taxation credits attributable to dividends received	—	(5)
	36	63

Loss relief in respect of previous years represents Corporation Tax at 35% on the tax loss for the current year which is available for set-off against the profit of previous years. This loss arises as a result of capital allowances in advance of depreciation.

5. Employees

The average number of employees during the year was made up as follows:

	1991 No.	1990 No.
Ship Operating	535	523
Shore Terminal	216	204
Administrative	80	82
	831	809

Directors' Remuneration

	1991 £000	1990 £000
Fees	49	39
Other emoluments (including pension contributions)	60	54
	109	93
Emoluments (excluding pension contributions) of the Chairman	16	11
Emoluments (excluding pension contributions) of the highest paid director	56	50

The emoluments (excluding pension contributions) of other directors fell within the following range:

	1991 No.	1990 No.
£NIL to £5,000	6	10



Notes on the Accounts

6. Tangible Assets

(a) Movements during year:

	Land and Buildings	Ships	Vehicles	Plant and Machinery	Total
	£000	£000	£000	£000	£000
At Cost:					
At 1 January 1991	15,919	44,868	417	862	62,066
Additions	2,943	5,579	82	68	8,672
	18,862	50,447	499	930	70,738
Disposals	—	239	53	—	292
At 31 December 1991	18,862	50,208	446	930	70,446
Aggregate Depreciation:					
At 1 January 1991	3,182	15,787	258	552	19,779
Charge for the year	404	2,187	69	73	2,733
	3,586	17,974	327	625	22,512
Disposals	—	239	42	—	281
At 31 December 1991	3,586	17,735	285	625	22,231
Net Book Value at 31 December 1991	15,276	32,473	161	305	48,215
Net Book Value at 31 December 1990	12,737	29,081	159	310	42,287

Land and Buildings is made up as follows:

	Land	Buildings		Piers Slipways and Linkspan Facilities	
	Freehold	Long Lease	Short Lease		
	£000	£000	£000	£000	£000
At Cost:					
At 1 January 1991	270	1,400	139	1,172	12,938
Additions	—	—	—	—	2,943
	270	1,400	139	1,172	15,881
Disposals	—	—	—	—	—
At 31 December 1991	270	1,400	139	1,172	15,881
Aggregate Depreciation:					
At 1 January 1991	—	459	7	706	2,010
Charge for the year	—	36	3	45	320
	—	495	10	751	2,330
Disposals	—	—	—	—	—
At 31 December 1991	—	495	10	751	2,330
Net Book Value at 31 December 1991	270	905	129	421	13,551
Net Book Value at 31 December 1990	270	941	132	466	10,928

Piers, slipways and linkspan facilities comprise properties which are erected partially on freehold land and partially on seabed leased from the Crown Estate Commissioners. Because of the integral nature of these assets, it is not possible or meaningful to allocate their costs between those parts erected on freehold land and those on leased seabed. The Company may come under liability, as tenants, for removal of the assets at termination of the leases. The extent to which any such liability may arise cannot be determined and no provision or security has been provided.

(b) Capital Commitments

	1991 £000	1990 £000
No provision has been made in these Accounts for outstanding Capital Commitments contracted for of	2,922	2,932
Capital Grants receivable in respect of these commitments amount to	1,648	150
Capital Expenditure authorised by the Directors but not contracted for amounts to	165	120
Capital Grants receivable in respect of these commitments amounts to	NIL	NIL



Notes on the Accounts

7. Investment in Subsidiary Undertaking

The Company owns the whole of the issued Ordinary Share Capital of Caledonian MacBrayne Holdings Limited, a non-trading company which is registered in Scotland. Details of the balance shown are as follows:

	1991 £000	1990 £000
Investment in Subsidiary Undertaking	74	74
Long term indebtedness	(74)	(74)
	<u>—</u>	<u>—</u>

8. Debtors

	1991 £000	1990 £000
Trade debtors	1,344	1,422
Capital grants receivable	1,922	538
Other debtors	797	1,083
Annual overhaul prepayments	786	661
Prepayments and accrued income	442	387
Corporation Tax	11	77
	<u>5,302</u>	<u>4,168</u>
Amount included with other debtors which is not receivable within the next twelve months	<u>42</u>	<u>54</u>

9. Creditors: amounts falling due within one year

	1991 £000	1990 £000
Loans (note 10)	2,349	1,894
Trade creditors	2,021	2,095
Tax and social security payments	591	500
Other creditors	291	328
Maintenance provisions	365	45
Annual overhaul accruals	25	238
Accruals and receipts in advance	1,473	975
	<u>7,115</u>	<u>6,075</u>

10. Creditors: amounts falling due after more than one year

	1991 £000	1990 £000
7½% secured loans not wholly repayable within five years, repayable in half-yearly instalments	7,285	5,493
7½% secured loans wholly repayable within five years, repayable in half-yearly instalments	3,342	3,498
	<u>10,627</u>	<u>8,991</u>
Less: Repayable within twelve months (note 9)	2,349	1,894
	<u>8,278</u>	<u>7,097</u>
Instalments on the loans included above are repayable as follows:		
after five years	2,545	1,783
between two and five years	3,936	3,303
between one and two years	1,797	2,011
	<u>8,278</u>	<u>7,097</u>

The loans are secured by mortgages on the individual vessels on which the loans have been granted.



Notes on the Accounts

11. Deferred Taxation

No provision has been made in these accounts for any estimated Deferred Taxation liability since it is probable that no liability will arise as a result of the reversal of timing differences for the foreseeable future. The potential liability arising in respect of timing differences which has been calculated at an effective rate of tax of 33%, and represents capital allowances in advance of depreciation, amounts to:

1991	1990
£000	£000
5,800	5,430

12. Share Capital

Authorised – ordinary shares of £10 each

1991	1990
£000	£000
15,000	15,000

Allotted issued and fully paid ordinary shares of £10 each

1991	1990
15,000	15,000

13. Pension Commitments

The Company operates a defined benefit pension scheme, which is funded by the payment of contributions to a separately administered trust fund.

An initial actuarial calculation, relating to future service, was conducted in November 1990 following the setting up of the scheme which replaced the two schemes operated by Scottish Transport Group prior to the transfer of ownership of the Company. The calculations were produced using the following main assumptions:

Rate of return on investment	9% per annum
Rate of salary increases	8% per annum

The present contribution rate, including the estimated cost of death-in-service benefits and employee contributions, is 20.4% of pensionable salaries. The future contributions to the scheme will be determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method.

Assets to meet the accrued liabilities of members transferred from the two schemes operated by Scottish Transport Group will be transferred from those schemes at values to be agreed between the actuaries of the respective schemes and the government actuary.

A number of employees are not in the Company pension scheme. Most of them participate in the Merchant Navy Officers Pension Fund, the Merchant Navy Ratings Pension Fund or Pension Funds operated by British Rail Pensions Management all of which are defined benefit schemes. The assets of these schemes are invested independently of the Company and the funds are administered by independent Trustees.

The amount charged to profit and loss account for the year is:

	1991	1990
	£000	£000
Company scheme	555	421
Other schemes	313	295
	868	716

14. Other Financial Commitments

The Company has a significant number of leases in respect of land and buildings and the period of the lease unexpired in most cases is in excess of 5 years; where less than 5 years remains, the Company will negotiate a renewal of the lease at expiry date. The annual amount payable in respect of these leases is £55,071 (1990: £44,089).

15. Post Balance Sheet Events

The Company placed an order for a vessel at a contract price of £10,995,000 on 28 February 1992.

16. Current Cost Information

The following summarised current cost information reflects the restatement of the Company's fixed assets at their net replacement cost and the resultant restatement of the capital grants. The estimated useful lives of fixed assets used in the historical cost accounts have been used in compiling the current cost information. Replacement costs have been calculated on the following bases:

Land and Buildings	independent open market valuations were carried out as at 31 December 1990. Appropriate indices have been applied to arrive at valuations as at 31 December 1991.
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Notes on the Accounts

16. Current Cost Information (continued)

Piers, slipways and linkspan facilities	independent replacement cost valuations were carried out as at 31 December 1990. Appropriate indices have been applied to arrive at valuations as at 31 December 1991.
Ships	independent replacement cost valuations were carried out as at 31 December 1990. One quarter of the fleet was independently valued on a replacement cost basis as at 31 December 1991. The level of increase in gross replacement cost arising on these vessels during 1991 has been applied to the gross replacement cost at 31 December 1990 of those vessels which were not specifically valued as at December 1991 to arrive at an estimate of their gross replacement cost as at 31 December 1991.
Vehicles, plant and machinery	indexation of historical costs using appropriate indices.
Capital grants	at the rate at which grants are currently available to the Company and calculated on the relevant asset's gross replacement cost.

No gearing adjustment has been made as the Company is owned by the Secretary of State for Scotland and no adjustment has been made in respect of monetary working capital as it would have no material effect.

SUMMARISED CURRENT COST PROFIT AND LOSS ACCOUNT for the year ended 31 December 1991

	1991 £000	1990 £000
PROFIT BEFORE TAXATION	1,009	22
Adjustment in respect of depreciation	(5,000)	(4,412)
Adjustment in respect of capital grant	(361)	(216)
CURRENT COST LOSS BEFORE TAXATION	(4,352)	(4,606)
Taxation	(36)	(63)
CURRENT COST LOSS FOR THE FINANCIAL YEAR	(4,316)	(4,543)
Retained profit brought forward	1,221	5,764
(DEFICIT)/RETAINED PROFIT	(3,095)	1,221



Notes on the Accounts

16. Current Cost Information (continued)

CURRENT COST BALANCE SHEET as at 31 December 1991

	1991		1990	
	£000	£000	£000	£000
FIXED ASSETS				
Land and buildings		25,126		24,057
Ships		62,188		53,674
Vehicles		174		172
Plant and machinery		349		347
		<u>87,837</u>		<u>78,250</u>
CURRENT ASSETS				
Stocks of raw material and consumables		388		376
Debtors		5,302		4,168
Cash at bank and in hand		1,653		4,030
		<u>7,343</u>		<u>8,574</u>
CREDITORS: amounts falling due within one year		<u>7,115</u>		<u>6,075</u>
NET CURRENT ASSETS		228		2,499
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>88,065</u>		<u>80,749</u>
CREDITORS: amounts falling due after more than one year		8,278		7,097
ACCRUALS AND DEFERRED INCOME				
Capital grants		<u>15,713</u>		<u>14,453</u>
		23,991		21,550
CAPITAL AND RESERVES		<u>64,074</u>		<u>59,199</u>
Called up share capital		15,000		15,000
Profit and loss account		(3,095)		1,221
Current cost reserve		52,169		42,978
		<u>64,074</u>		<u>59,199</u>
CURRENT COST RESERVE		<u>1991</u>		<u>1990</u>
		£000		£000
Balance at 1 January		42,978		42,927
Current cost movements during the year:				
Fixed assets		8,659		1,330
Capital grants		532		(1,279)
Balance at 31 December		<u>52,169</u>		<u>42,978</u>
of which: realised		9,989		4,628
unrealised		42,180		38,350
		<u>52,169</u>		<u>42,978</u>

The realised element represents the net cumulative total of the current cost adjustments which have been passed through the profit and loss account. Thus it represents the difference between historical cost profits and current cost losses since 1 January 1990 when current cost accounts were first prepared



Caledonian MacBrayne Limited

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