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Company No : 137325

SEA CONTAINERS FERRIES SCOTLAND LIMITED
REPORT AND FINANCIAL STATEMENTS
31 December 1997

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SEA CONTAINERS FERRIES SCOTLAND LIMITED

REPORT AND FINANCIAL STATEMENTS 1997

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SEA CONTAINERS FERRIES SCOTLAND LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 1997.

1. ACTIVITIES

The principal activity of the company is selling agent.

2. REVIEW OF DEVELOPMENTS

The company made a profit on operations of £151,000 (1996 : £116,000 profit).

The directors do not recommend a dividend for the year (1996 : nil).

The directors anticipate that the company will continue its activity in the forthcoming year.

3. DIRECTORS

The directors who served during the year were as follows :

D G Benson
D J O'Sullivan
M V Scawn
P A Calvert
H A C Ross

All directors served to the date of these accounts.

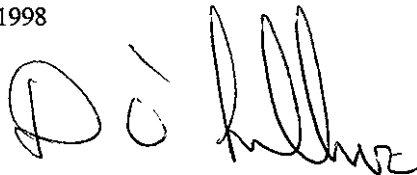
None of the directors had any notifiable interest in the shares of the company or of other group companies during the year.

4. AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

21 October 1998



D J O'Sullivan
Secretary
Sea Containers House
20 Upper Ground
London

SEA CONTAINERS FERRIES SCOTLAND LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to :

- * select suitable accounting policies and then apply them consistently ;
- * make judgements and estimates that are reasonable and prudent ;
- * prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

SEA CONTAINERS FERRIES SCOTLAND LIMITED

AUDITORS' REPORT TO THE MEMBERS OF SEA CONTAINERS FERRIES SCOTLAND LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

DELOITTE & TOUCHE

Chartered Accountants and Registered Auditors
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR

23 October 1998

SEA CONTAINERS FERRIES SCOTLAND LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1997

	Note	1997 £ 000	1996 £ 000
Turnover	1(b)	373	357
Operating expenditure		(187)	(152)
Operating profit		186	205
Interest payable	4	(35)	(89)
Profit on ordinary activities before taxation	5	151	116
Tax on profit on ordinary activities	6	-	-
Profit on ordinary activities after taxation		151	116
Retained loss brought forward		(423)	(539)
Retained loss carried forward		<u>(272)</u>	<u>(423)</u>

There are no recognised gains or losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

There are no movements in shareholders' funds for the current financial year and preceding financial year other than as stated in the profit and loss account. Accordingly, no reconciliation of movements of shareholders' funds is provided.

SEA CONTAINERS FERRIES SCOTLAND LIMITED

BALANCE SHEET

As at 31 December 1997

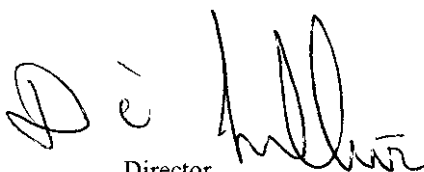
		1997	1996
	Note	£ 000	£ 000
FIXED ASSETS			
Tangible assets	7	2,604	2,754
CURRENT ASSETS			
Stocks	8	685	657
Debtors	9	274	358
Cash at bank and in hand		49	49
		1,008	1,064
CREDITORS : Amounts falling due within one year	10	(1,198)	(1,391)
NET CURRENT ASSETS		(190)	(327)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,414	2,427
CREDITORS : Amounts falling due after more than one year	11	(2,686)	(2,850)
		(272)	(423)
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Profit and loss account		(272)	(423)
Equity Shareholders' deficit		(272)	(423)

These financial statements were approved at a meeting of the Board of Directors held on 21 October 1998.

Signed on behalf of the Board of Directors

D J O'SULLIVAN

Director



SEA CONTAINERS FERRIES SCOTLAND LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1997

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

(a) Accounting convention

The financial statements have been prepared under the historical cost convention.

(b) Turnover

Turnover principally comprises commissions in respect of ticket sales and management fees in respect of administrative duties carried out.

(c) Tangible fixed assets

Tangible fixed assets are included in the balance sheet at historical cost. Cost includes own work and where appropriate, it is capitalised.

Depreciation is provided on the cost of assets in use on the straight line method so as to write off the assets over their estimated useful lives. The principal rates used are set out below :

Freehold buildings	4% - 10%
Short leasehold land	over the life of the lease
Plant and office machinery	10% to 20%

(d) Stocks

Stocks are stated at the lower of cost and net realisable value.

(e) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

(f) Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date.

Exchange gains or losses on the above transactions and conversion of foreign currency transactions arising in the ordinary course of trading, are included in the profit and loss account before interest and taxation. Where they arise on translations relating to the company's financing activities they are shown in the profit and loss account after interest.

SEA CONTAINERS FERRIES SCOTLAND LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1997

2. ULTIMATE PARENT COMPANY

The immediate parent company for which group accounts are prepared is Ferry and Port Holdings Limited, a company registered in England and Wales. Copies of its accounts can be obtained from the company's registered office at 20 Upper Ground, London, SE1 9PF.

The parent company of the largest United Kingdom group which includes the company and for which group accounts are prepared is Sea Containers UK Limited. Copies of its accounts can be obtained from the company's registered office at 20 Upper Ground, London, SE1 9PF.

The ultimate parent and controlling company is Sea Containers Ltd, a company incorporated in Bermuda. Copies of its accounts can be obtained from its registered office at 41 Cedar Avenue, Hamilton, Bermuda.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No payments were made to any of the directors from this company for the year ended 31 December 1997 (1996 : nil).

The company had no employees during the year (1996 : nil).

4. INTEREST PAYABLE

	1997 £ 000	1996 £ 000
Bank loans repayable wholly or in part within five years	<u>35</u>	<u>89</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging :

	1997 £ 000	1996 £ 000
Depreciation and other amounts written off tangible fixed assets :		
Owned assets	187	152

The audit fee is borne by the ultimate parent company.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Due to the availability of loss relief from other group companies no provision for current taxation has been made.

There are no timing differences on which deferred tax should be provided.

SEA CONTAINERS FERRIES SCOTLAND LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1997

7. TANGIBLE FIXED ASSETS

	Land and Buildings		Plant and machinery	Office Machinery	Total
	Freehold	Short Leasehold			
	£ 000	£ 000	£ 000	£ 000	£ 000
Cost at 1 January 1997	26	3,268	196	201	3,691
Additions	20	-	-	17	37
Cost at 31 December 1997	46	3,268	196	218	3,728
Accumulated depreciation at 1 January 1997	-	753	86	98	937
Charge for the year	-	142	21	24	187
Accumulated depreciation at 31 December 1997	-	895	107	122	1,124
Net book value at 31 December 1997	46	2,373	89	96	2,604
Net book value at 31 December 1996	26	2,515	110	103	2,754

SEA CONTAINERS FERRIES SCOTLAND LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1997

8. STOCKS

	1997 £ 000	1996 £ 000
Materials and consumables	<u>685</u>	<u>657</u>

9. DEBTORS

	1997 £ 000	1996 £ 000
Trade debtors	73	7
Other debtors	83	290
Prepayments and accrued income	118	61
	<u>274</u>	<u>358</u>

10 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £ 000	1996 £ 000
Current instalment due on bank loan	-	600
Trade creditors	869	546
Other taxation and social security	71	58
Accruals and deferred income	258	187
	<u>1,198</u>	<u>1,391</u>

11. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £ 000	1996 £ 000
Bank loan	-	300
Amounts owed to immediate parent and fellow subsidiaries	2,686	2,550
	<u>2,686</u>	<u>2,850</u>

SEA CONTAINERS FERRIES SCOTLAND LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1997

12. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

13. RELATED PARTY DISCLOSURE

The company is a wholly owned subsidiary undertaking and is thus exempt from the disclosure requirements of Financial Reporting Standard 8, "Related Party Disclosures", in accordance with paragraph 3(c) of the Standard.