

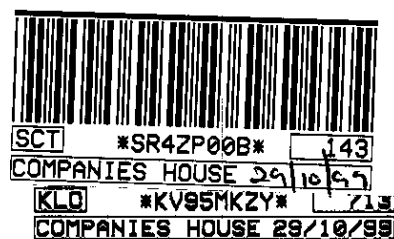
Company no : 137325

SEA CONTAINERS FERRIES SCOTLAND LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 1998

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SEA CONTAINERS FERRIES SCOTLAND LIMITED

REPORT AND FINANCIAL STATEMENTS 1998

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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 1998.

1. ACTIVITIES

The principal activity of the company is selling agent.

2. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

A profit of £54,000 (1997 : £151,000 profit) has been made by the company during the year.

The directors do not recommend a dividend for the year (1997 : £nil).

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

3. DIRECTORS

The directors who served throughout the year were as follows :

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

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

4. YEAR 2000

The company has given high priority to the possible impact of the so called 'Millennium Bug' on certain systems and has taken positive steps to ensure that systems are Year 2000 compliant. The company's costs of identifying, testing and rectifying Year 2000 issues have not been material to date, and are not expected to be in the future

5. 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.

By order of the Board



D.J.O'Sullivan
Secretary
Sea Containers House
20 Upper Ground
London
SE1 9PF

Date : 26 October 1999

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 correctly ;
- 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 reasonable 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 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 affairs of the company as at 31 December 1998 and of the 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

Date : *26 October 1999*

SEA CONTAINERS FERRIES SCOTLAND LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1998

	Note	1998 £000	1997 £000
Turnover	1(b)	335	373
Operating expenditure		<u>(281)</u>	<u>(187)</u>
Operating profit		54	186
Interest payable	4	<u>-</u>	<u>(35)</u>
Profit on ordinary activities before taxation	5	54	151
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		54	151
Retained loss brought forward		<u>(272)</u>	<u>(423)</u>
Retained loss carried forward		<u>(218)</u>	<u>(272)</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.

All activities derive from continuing operations.

SEA CONTAINERS FERRIES SCOTLAND LIMITED

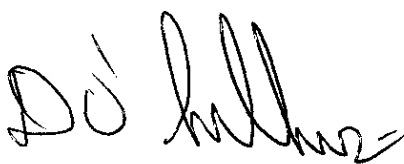
BALANCE SHEET

As at 31 December 1998

	Note	1998 £000	1997 £000
FIXED ASSETS			
Tangible assets	7	2,560	2,604
CURRENT ASSETS			
Stocks	8	817	685
Debtors	9	388	274
Cash at bank and in hand		42	49
		<u>1,247</u>	<u>1,008</u>
CREDITORS : Amounts falling due within one year	10	<u>(964)</u>	<u>(1,198)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>283</u>	<u>(190)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,843</u>	<u>2,414</u>
CREDITORS : Amounts falling due after more than one year	11	<u>(3,061)</u>	<u>(2,686)</u>
		<u>(218)</u>	<u>(272)</u>
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Profit and loss account		<u>(218)</u>	<u>(272)</u>
Equity Shareholders' deficit		<u>(218)</u>	<u>(272)</u>

These financial statements were approved at a meeting of the Board of Directors held on 26 October 1999

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 1998

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 are prepared under the historical cost convention.

(b) Turnover

Turnover principally comprises commissions in respect of ticket sales.

(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 the assets in use on the straight line method so as to write off the assets over their useful economic lives. The principal rates used are set out below:

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 a liability or asset will crystallise in the future.

(f) Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the exchange rates 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 1998

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 Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

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 by this company for the (1997 : £nil).

The company has no employees (1997 : none).

4. INTEREST PAYABLE

	1998	1997
	£000	£000
Bank loans repayable wholly or in part within five years	-	35

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit is stated after charging :

	1998	1997
	£000	£000
Depreciation on owned assets	211	187

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 1998

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 1998	46	3,268	196	218	3,728
Additions	20	54	39	54	167
Less : disposals	-	-	-	-	-
Cost at 31 December 1998	<u>66</u>	<u>3,322</u>	<u>235</u>	<u>272</u>	<u>3,895</u>
Accumulated depreciation at 1 January 1998	-	895	107	122	1,124
Charge for the year	-	152	27	32	211
Less : disposals	-	-	-	-	-
Accumulated depreciation at 31 December 1998	<u>-</u>	<u>1,047</u>	<u>134</u>	<u>154</u>	<u>1,335</u>
Net book value at 31 December 1998	<u>66</u>	<u>2,275</u>	<u>101</u>	<u>118</u>	<u>2,560</u>
Net book value at 31 December 1997	<u>46</u>	<u>2,373</u>	<u>89</u>	<u>96</u>	<u>2,604</u>

8. STOCKS

	1998	1997
	£000	£000
Materials and consumables	<u>817</u>	<u>685</u>

SEA CONTAINERS FERRIES SCOTLAND LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1998

9. DEBTORS

	1998 £000	1997 £000
Trade debtors	20	73
Prepayments and accrued income	<u>368</u>	<u>201</u>
	<u><u>388</u></u>	<u><u>274</u></u>

10. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £000	1997 £000
Trade creditors	701	869
Other taxation and social security	-	71
Accruals and deferred income	<u>263</u>	<u>258</u>
	<u><u>964</u></u>	<u><u>1,198</u></u>

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

	1998 £000	1997 £000
Amounts owed to immediate parent and fellow subsidiaries	<u>3,061</u>	<u>2,686</u>

12. CALLED UP SHARE CAPITAL

	1998 £	1997 £
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><u>2</u></u>	<u><u>2</u></u>

SEA CONTAINERS FERRIES SCOTLAND LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1998

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.