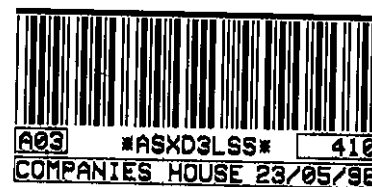




*BELFAST FREIGHT FERRIES LIMITED*

*R E P O R T   A N D   F I N A N C I A L   S T A T E M E N T S*

*For the Year Ended  
31st December 1995*



C/N 00925768

## *BELFAST FREIGHT FERRIES LIMITED*

### *DIRECTORS' REPORT*

*Year Ended 31st December 1995*

The directors present their report and financial statements for the year ended 31st December 1995.

#### *DIRECTORS*

The directors who held office during the year and since the year end were:

A S J Fraser	(Chairman)
J K Craig	
R Kimber	
A S Peacock	
T F Wright	
G T D Wilmot	(Appointed 18th January 1996)

None of the directors had any interest in the share capital of the company at 31st December 1995 or 31st December 1994.

The interests of Mr A S J Fraser and Mr R Kimber in the share capital of the ultimate parent undertaking at 31st December 1995 and 31st December 1994 are set out in the accounts of that company.

The company has cover for its directors and officers under a directors and officers liability insurance policy as permitted by Section 310(3) of the Companies Act 1985.

#### *ACTIVITY*

The principal activity of the company is the operation of a freight ferry service between Belfast and Heysham in Lancashire.

#### *RESULTS and DIVIDEND*

The profit for the year after taxation amounted to £547,013 (1994 - £492,389).

A dividend of £300,000 was paid on 31st December 1995. The directors do not recommend payment of a final dividend.

#### *FIXED ASSETS*

Details of movements in fixed assets are set out in note 9 to the financial statements.

In September 1995 the lengthening of mv "Saga Moon" was completed and the ship returned to service.

**BELFAST FREIGHT FERRIES LIMITED**

**DIRECTORS' REPORT (continued)**  
**Year Ended 31st December 1995**

**FUTURE ACTIVITY**

The results for 1995 reflect a year during which it was decided to improve and lengthen the mv "Saga Moon". These works, together with the routine drydocking of the mv "Spheroid", resulted in the company operating a two-ship service for nine weeks during the summer period. In spite of this, the company returned a level of profit that exceeded the 1994 result.

The directors do not foresee any significant change in the activities of the company in 1996 but expect to continue to trade in a very competitive environment.

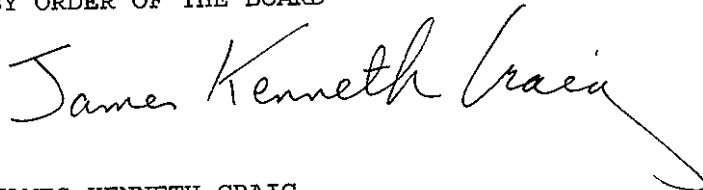
**HEALTH & SAFETY AT WORK**

The company operates a health and safety policy as required under the Health and Safety at Work Act 1974.

**AUDITORS**

Messrs Hays Allan do not offer themselves for re-appointment as auditors of the company for the ensuing year. A proposal to appoint Messrs Coopers & Lybrand as auditors will be proposed at the forthcoming Annual General Meeting, together with a resolution concerning their remuneration.

BY ORDER OF THE BOARD



JAMES KENNETH CRAIG  
Secretary

27th March 1996

Registered in England No. 925768

**BELFAST FREIGHT FERRIES LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company Law requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the period to that date. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards. In addition the directors are required:

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

Additionally they have responsibility for maintaining 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, and have responsibility for safeguarding the assets of the company, and for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors confirm that the financial statements comply with the above requirements.

27th March 1996

**AUDITORS' REPORT TO THE MEMBERS OF**

**BELFAST FREIGHT FERRIES LIMITED**

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention (modified by the revaluation of certain assets) and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 company's circumstances, 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 31st December 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HAYS ALLAN  
Chartered Accountants  
Registered Auditors

Southampton House  
317 High Holborn  
London  
WC1V 7NL

27th March 1996

**BELFAST FREIGHT FERRIES LIMITED**

**PROFIT and LOSS ACCOUNT**

**Year Ended 31st December 1995**

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
TURNOVER	2	13,275,358	12,480,395
Costs and overheads	4	(11,913,790)	(11,296,042)
		-----	-----
OPERATING PROFIT		1,361,568	1,184,353
Interest	7	(475,555)	(430,185)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		886,013	754,168
Taxation on ordinary activities	8	(339,000)	(261,779)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		547,013	492,389
DIVIDEND PAID		(300,000)	-
		-----	-----
TRANSFERRED TO RESERVES	21	247,013	492,389
		=====	=====

**BELFAST FREIGHT FERRIES LIMITED**

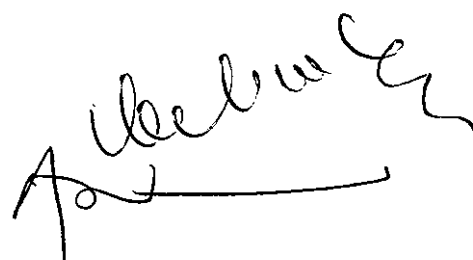
**BALANCE SHEET**

At 31st December 1995

	Note	1995	1994
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	9,537,988	7,772,164
<b>CURRENT ASSETS</b>			
Stock	10	171,305	202,338
Debtors	11	3,925,312	3,127,240
		-----	-----
		4,096,617	3,329,578
Creditors: amounts falling due within one year	12	3,071,815	2,423,763
		-----	-----
NET CURRENT ASSETS		1,024,802	905,815
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		10,562,790	8,677,979
Creditors: amounts falling due after more than one year	13	5,789,092	4,114,926
Provision for liabilities and charges	15	520,142	556,510
		-----	-----
		6,309,234	4,671,436
		-----	-----
NET ASSETS		4,253,556	4,006,543
		=====	=====
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	19	100,000	100,000
Revaluation reserve	21	1,581,291	1,694,254
Profit and loss account	21	2,572,265	2,212,289
		-----	-----
EQUITY SHAREHOLDERS' INTEREST	20	4,253,556	4,006,543
		=====	=====

Approved by the Board on 27th March 1996

A S Peacock )  
 ) Directors  
 A S J Fraser )



**BELFAST FREIGHT FERRIES LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year Ended 31st December 1995**

	<u>1995</u> £	<u>1994</u> £
Profit for year	547,013	492,389
Unrealised gain on revaluation of ships	-	1,694,254
	-----	-----
Total recognised gains and losses for year	547,013	2,186,643
Prior year adjustment (note 3)	-	(474,821)
	-----	-----
Total recognised gains and losses since last annual report	547,013	1,711,822
	=====	=====



**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended 31st December 1995**

**1. ACCOUNTING POLICIES**

**(a) GENERAL**

The accounting policies used are in accordance with generally accepted accounting principles. The financial statements have been prepared on the historical cost basis including the revaluation of certain fixed assets and in accordance with applicable accounting standards.

**(b) DEPRECIATION**

The following depreciation policies are adopted by the company:-

**i) Ships**

The costs of ships are depreciated on a straight line basis over their estimated useful lives, assuming a residual current market scrap value.

**ii) Assets on Chartered Ships**

The costs of assets on chartered ships are depreciated on a straight line basis over the period of the charter.

**iii) Plant, Equipment and Vehicles**

These assets are depreciated over their expected useful life which when new vary from 5 - 15 years.

**(c) LEASED ASSETS**

Assets used by the company which have been funded through finance leases are capitalised and depreciated over their estimated useful lives in accordance with the company's normal depreciation policy. The resulting lease obligations are included in creditors. Finance lease interest costs and rentals payable under operating leases are charged directly to the profit and loss account.

**(d) STOCK**

Stock is shown at cost and comprises fuel held in the ships' tanks, spares, lubricants and provisions.

**(e) DEFERRED TAXATION**

Deferred taxation is calculated on the liability method and takes account of material timing differences between the accounting and taxation treatment of certain items. Provision is not made where it is considered that no liability is likely to arise in the foreseeable future (see note 15).

**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year Ended 31st December 1995**

**2. TURNOVER**

Turnover is the total amount receivable by the company for services provided, stated net of Value Added Tax, and arises from the provision of a freight ferry service in the United Kingdom.

**3. PRIOR YEAR ADJUSTMENTS**

Following the issue of FRS 5, the company has reconsidered the classification of the demised charter agreement which was entered into for a period of 12 years from 31st December 1991 and which was treated as an operating lease. In the prior year's financial statements the charter was treated as a finance lease and, accordingly, the ship has been capitalised and the lease obligations included as creditors.

**4. COSTS AND OVERHEADS**

	<u>1995</u>	<u>1994</u>
	£	£
Change in stock	31,033	(12,978)
Raw materials and consumables	1,202,128	1,187,811
Other external charges	6,846,276	6,545,339
Charter of ships	1,136,787	1,150,062
Rental of land and buildings	280,000	280,000
Hire of plant and machinery	23,975	16,750
Directors' remuneration (note 6)	177,034	148,813
Staff costs (note 5)	648,291	550,712
Depreciation of tangible fixed assets	828,132	647,479
Profit on sale of tangible fixed assets	-	(2,333)
Other operating charges	729,334	775,661
Auditors' remuneration	10,800	8,726
	-----	-----
	11,913,790	11,296,042
	=====	=====

**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year Ended 31st December 1995**

5.	STAFF COSTS	<u>1995</u>	<u>1994</u>
		£	£
(a)	Staff costs comprise:		
	Wages and salaries	556,515	474,804
	Social security costs	57,512	53,059
	Other pension costs (see note 15)	34,264	22,849
		-----	-----
		648,291	550,712
		=====	=====
(b)	The average weekly number of employees during the year was as follows:	<u>No.</u>	<u>No.</u>
	Office administration and clerical	45	44
		==	==
6.	DIRECTORS' EMOLUMENTS	<u>1995</u>	<u>1994</u>
		£	£
	Remuneration	157,298	134,398
	Pension provision (see note 15)	19,736	14,415
		-----	-----
		177,034	148,813
		=====	=====
	Emoluments of the Chairman	-	-
		=====	=====
	Emoluments of the highest paid director	59,770	51,050
		=====	=====
		<u>No.</u>	<u>No.</u>
	Other directors received emoluments between		
	£0 and £5,000	1	2
	£40,001 and £45,000	-	2
	£45,001 and £50,000	1	-
	£50,001 and £55,000	1	-
		==	==
7.	INTEREST PAYABLE	<u>1995</u>	<u>1994</u>
		£	£
	On bank overdraft	43,221	22,473
	Bank loan not wholly repayable within five years	49,770	61,074
	On finance lease not wholly repayable within five years	382,564	346,638
		-----	-----
		475,555	430,185
		=====	=====

**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year Ended 31st December 1995**

**8. TAXATION ORDINARY ACTIVITIES**

The taxation charge for the year comprises:-

	<u>1995</u>	<u>1994</u>
	£	£
UK corporation tax at 33% (1994 - 33%)	416,000	255,779
Transfer (from) to deferred taxation	(77,000)	6,000
	-----	-----
	339,000	261,779
	=====	=====

**9. TANGIBLE FIXED ASSETS**

a) Movements in the year	<u>Owned</u> <u>Ship</u> £	<u>Ship</u> <u>under</u> <u>Finance</u> <u>Lease</u> £	<u>Assets on</u> <u>Chartered</u> <u>Ships</u> £	<u>Plant &amp;</u> <u>Machinery</u> £	<u>Total</u> £
<b>COST OR VALUATION</b>					
At 31st December 1994	2,116,396	5,000,000	517,383	548,425	8,182,204
Additions	3,980	2,550,000	-	39,976	2,593,956
	-----	-----	-----	-----	-----
At 31st December 1995	2,120,376	7,550,000	517,383	588,401	10,776,160
	=====	=====	=====	=====	=====
<b>DEPRECIATION</b>					
At 31st December 1994	-	-	163,000	247,040	410,040
Provision	279,480	361,410	109,080	78,162	828,132
	-----	-----	-----	-----	-----
At 31st December 1995	279,480	361,410	272,080	325,202	1,238,172
	=====	=====	=====	=====	=====
<b>NET BOOK VALUE</b>					
At 31st December 1995	1,840,896	7,188,590	245,303	263,199	9,537,988
	=====	=====	=====	=====	=====
At 31st December 1994	2,116,396	5,000,000	354,383	301,385	7,772,164
	=====	=====	=====	=====	=====

**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year Ended 31st December 1995**

**9. TANGIBLE FIXED ASSETS (continued)**

	<u>Owned Ship</u> £	<u>Ship under Finance Lease</u> £	<u>Assets on Chartered Ships</u> £	<u>Plant &amp; Machinery</u> £	<u>Total</u> £
b) Depreciable assets					
At 31st December 1995	2,120,376	7,550,000	517,383	588,401	10,776,160
	=====	=====	=====	=====	=====
At 31st December 1994	2,116,396	5,000,000	517,383	548,425	8,182,204
	=====	=====	=====	=====	=====
c) Cost or valuation comprises:					
Cost	3,980	2,550,000	517,383	588,401	3,659,764
Valuation in 1994	2,116,396	5,000,000	-	-	7,116,396
	-----	-----	-----	-----	-----
	2,120,376	7,550,000	517,383	588,401	10,776,160
	=====	=====	=====	=====	=====

**10. STOCK**

	<u>1995</u> £	<u>1994</u> £
Fuel	5,619	45,670
Spares and lubricants	148,080	139,870
Provisions	17,606	16,798
	-----	-----
	171,305	202,338
	=====	=====

**11. DEBTORS**

	<u>1995</u> £	<u>1994</u> £
Due within one year:		
Trade debtors	2,817,022	2,305,313
Amounts owed by group undertakings	243,018	114,916
Other debtors	37,688	29,507
Prepayments	827,584	677,504
	-----	-----
	3,925,312	3,127,240
	=====	=====

**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year Ended 31st December 1995**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>1995</u>	<u>1994</u>
	£	£
Bank overdraft	323,375	164,854
Current portion of long term loan	196,150	196,150
Finance lease	523,565	275,343
Trade creditors	834,790	869,735
Other taxes	587,089	492,242
Corporate taxation	462,509	344,000
Amounts owed to group undertaking	29,208	39,767
Accruals	115,129	41,672
	-----	-----
	3,071,815	2,423,763
	=====	=====

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<u>1995</u>	<u>1994</u>
	£	£
Bank loan	392,300	588,450
Finance lease	5,396,792	3,526,476
	-----	-----
	5,789,092	4,114,926
	=====	=====

The bank loan is repayable in 17 equal half-yearly instalments and bears interest at 7.5% per annum as follows:-

	<u>1995</u>	<u>1994</u>
	£	£
Repayable by instalments wholly within five years		
Less than 1 year	196,150	196,150
1 - 2 years	196,150	196,150
2 - 5 years	196,150	392,300
	-----	-----
	588,450	784,600
	=====	=====
Amounts falling due within one year	196,150	196,150
Amounts falling due after more than one year	392,300	588,450
	-----	-----
	588,450	784,600
	=====	=====

**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year Ended 31st December 1995**

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

The interest rate and repayment of this loan have been guaranteed by the Department of Trade and Industry under Section 10 of the Industry Act 1972 (as amended).

The future lease payments to which the company is committed at 31st December 1995 include finance charges allocated to future periods as follows:

	<u>1995</u> £	<u>1994</u> £
Less than 1 year	1,035,631	606,799
1 - 2 years	1,045,618	616,411
2 - 5 years	3,221,357	1,908,595
Over 5 years	3,131,786	2,555,624
	-----	-----
	8,434,392	5,687,429
Finance charges allocated to future periods	(2,514,035)	(1,885,610)
	-----	-----
	5,920,357	3,801,819
	=====	=====
Amounts falling due within one year	523,565	275,343
Amounts falling due after more than one year	5,396,792	3,526,476
	-----	-----
	5,920,357	3,801,819
	=====	=====

**14. OPERATING LEASES**

The future operating lease payments which the company is committed to make during the next year, at 31st December 1995, are as follows:-

	£
(a) Ship under bareboat charter	
Expiring - between two and five years	1,231,960
(b) Other	
Expiring - between two and five years	23,975
	=====

**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year Ended 31st December 1995**

**15. PROVISION FOR LIABILITIES AND CHARGES**

	<u>1995</u>	<u>1994</u>
	£	£
Deferred Taxation		
Capital allowances	616,000	725,000
Other timing differences	(237,000)	(269,000)
	-----	-----
	379,000	456,000
Pension provision (see note 16)	141,142	100,510
	-----	-----
	520,142	556,510
	=====	=====

The liability for deferred taxation provided in the financial statements is computed at a rate of taxation of 33% (1994 - 33%).

Potential liabilities for deferred taxation not provided in the accounts computed at 33% comprise:

	<u>1995</u>	<u>1994</u>
	£	£
On revaluation of ships	522,000	560,000
	=====	=====

**16. PENSION COMMITMENTS**

The company is a participating employer in the Scruttons Group Pension Fund which is designed to provide retirement benefits for the majority of eligible UK employees between the age of 21 and normal retirement age.

The group scheme is a defined benefit pension scheme and the assets of the scheme are held in a trustee administered fund separately from those of the group. The pension cost relating to the scheme is assessed in accordance with the advice of independent professionally qualified actuaries based on the pension cost across the group as a whole. It is calculated to spread the cost of pensions over the employees' expected working lives. The financial statements of Scruttons plc, the ultimate parent undertaking, include details of the results of the most recent actuarial valuation of the scheme which was completed at 31st March 1994. The next triennial valuation of the scheme will be at 31st March 1997.

The total pension provision required to be made under SSAP 24 for the company for the year ended 31st December 1995 was £54,000 (1994: £37,264).



**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year Ended 31st December 1995**

**17. CONTRACTS FOR EXPENDITURE ON TANGIBLE FIXED ASSETS**

The amount of expenditure by the company on tangible fixed assets authorised but not contracted for at 31st December 1995 was £20,000 (1994 - £30,000).

**18. SECURED LIABILITIES**

- a) The obligations under the mv "Saga Moon" lease are secured by a charge on the company's business and assets and are guaranteed by the parent undertaking.
- b) The bank overdraft is secured by a fixed and floating charge over the company's assets together with a guarantee from the ultimate parent undertaking of up to £1,000,000.
- c) The loan in note 13 is secured by a first fixed charge on the ship in favour of the Secretary of State for Trade and Industry and a second fixed charge in favour of the bank. The ultimate parent undertaking has given the bank a guarantee for this loan.

**19. CALLED UP SHARE CAPITAL**

	<u>1995</u>	<u>1994</u>
	£	£
Authorised		
Ordinary shares of £1 each	500,000	500,000
	=====	=====
Allotted and fully paid	100,000	100,000
	=====	=====

**20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>1995</u>	<u>1994</u>
	£	£
Profit for year	547,013	492,389
Dividends	(300,000)	-
Unrealised gain on revaluation of ships	-	1,694,254
	-----	-----
	247,013	2,186,643
Opening shareholders' funds	4,006,543	1,819,900
	-----	-----
Closing shareholders' funds	4,253,556	4,006,543
	=====	=====

**BELFAST FREIGHT FERRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year Ended 31st December 1995**

**21. RESERVES**

	Revaluation <u>Reserve</u> £	Profit & Loss <u>Account</u> £
At 1st January 1995	1,694,254	2,212,289
Retained profit for the year	-	247,013
Reclassification of ships revaluation depreciation	(112,963)	112,963
	-----	-----
At 31st December 1995	1,581,291	2,572,265
	=====	=====

The reclassification of ships revaluation depreciation is the transfer of that element of the depreciation charge for the year which relates to the depreciation of the revaluation of the ships.

**22. ULTIMATE PARENT UNDERTAKING**

Scruttons plc, which is registered in England and Wales, is regarded by the directors as being the company's ultimate parent undertaking.

Group accounts for Scruttons plc are available to the public from Companies Registration Office, Companies House, Crown Way, Cardiff on payment of the appropriate fee.