

Company no : 2447559

FOLKESTONE PROPERTIES LIMITED
REPORT AND FINANCIAL STATEMENTS
31 December 1998



FOLKESTONE PROPERTIES LIMITED

REPORT AND FINANCIAL STATEMENTS 1998

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FOLKESTONE PROPERTIES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 1998.

1. ACTIVITIES

The company owns the seaport and inner harbour at Folkestone, and receives port dues and rental income from the port and harbour operations.

2. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

A loss of £86,000 (1997 : £481,000 loss) 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 to trade in the future.

3. DIRECTORS

The directors who served throughout the year were as follows :

D J O'Sullivan
D G Benson
W P Rann

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 : 29 July 1999

FOLKESTONE PROPERTIES 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.

FOLKESTONE PROPERTIES LIMITED

**AUDITORS' REPORT TO THE MEMBERS OF
FOLKESTONE PROPERTIES 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 loss 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 : *29 July 1999*

FOLKESTONE PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1998

	Note	1998 £ 000	1997 £ 000
Turnover	1(b)	1,647	1,907
Administrative expenses		(1,733)	(2,388)
Loss on ordinary activities before taxation	4	(86)	(481)
Tax charge on loss on ordinary activities.	5	-	-
Profit on ordinary activities after taxation		(86)	(481)
Retained profit brought forward		1,552	2,033
Retained profit carried forward		<u>1,466</u>	<u>1,552</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.

FOLKESTONE PROPERTIES LIMITED

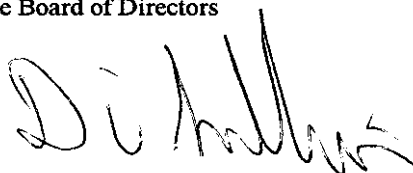
BALANCE SHEET

As at 31 December 1998

	Note	1998 £000	£000	1999 £000	£000
FIXED ASSETS					
Tangible assets	6		6,457		6,506
CURRENT ASSETS					
Trade debtors		131		160	
Other debtors		480		37	
		611		197	
CREDITORS : Amounts falling due within one year	7	(491)		(294)	
NET CURRENT ASSETS			120		(97)
TOTAL ASSETS LESS CURRENT LIABILITIES			6,577		6,409
CREDITORS : Amounts falling due after more than one year	8		(5,111)		(4,857)
			1,466		1,552
CAPITAL AND RESERVES					
Called up share capital	9	-	-	-	-
Profit and loss account			1,466		1,552
Equity Shareholders' funds			1,466		1,552

These financial statements were approved at a meeting of the Board of Directors held on 29 July 1999

Signed on behalf of the Board of Directors



D J O'SULLIVAN

Director

FOLKESTONE PROPERTIES 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 income from rents and port and traffic dues.

(c) Tangible fixed assets

Tangible fixed assets are included in the balance sheet at historical cost. Depreciation is provided leasehold properties on a straight line basis over the shorter of the period of the lease or the estimated useful life of the asset.

(d) 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.

2. ULTIMATE PARENT COMPANY

The immediate parent company for which consolidated financial statements 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.

FOLKESTONE PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1998

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No payments were made to any of the directors by this company for the year (1997 : £nil).

Employee costs for the year for the company :

	1998 £000	1997 £000
Wages and salaries	374	444
Social security costs	31	37
Other pension costs	<u>1</u>	<u>1</u>
	<u>406</u>	<u>482</u>
	Number	Number
Average number of employees	<u>14</u>	<u>24</u>

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss is stated after charging :

	1998 £000	1997 £000
Depreciation on owned assets	49	51

The audit fee is borne by the ultimate parent company.

5. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no provided or unprovided deferred tax liability.

FOLKSTONE PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1998

6. TANGIBLE FIXED ASSETS

	Plant and machinery	Fixtures & fittings	Transport	Freehold Land and buildings	Total
	£000	£000	£000	£000	£000
Cost at 1 January 1998	37	3	54	6,828	6,922
Additions	-	-	-	-	-
Less : disposals	-	-	-	-	-
Cost at 31 December 1998	37	3	54	6,828	6,922
Accumulated depreciation at 1 January 1998	14	3	44	355	416
Charge for the year	7	-	10	32	49
Less : disposals	-	-	-	-	-
Accumulated depreciation at 31 December 1998	21	3	54	387	465
Net book value at 31 December 1998	16	-	-	6,441	6,457
Net book value at 31 December 1997	23	-	10	6,473	6,506

Included within land and buildings is land at a cost of £6,275,000 (1997 : £6,275,000) which is not depreciated.

FOLKESTONE PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1998

7. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £000	1997 £000
Bank overdrafts	7	8
Obligations under finance leases	8	-
Trade creditors	300	135
Accruals and deferred income	<u>176</u>	<u>151</u>
	<u>491</u>	<u>294</u>
 Obligations under finance leases :		
Total liabilities repayable within :		
One year	9	-
Two to five years	11	-
Over five years	<u>-</u>	<u>-</u>
Total liabilities to end of leasing terms	20	-
Less : interest chargeable to future periods	<u>(2)</u>	<u>-</u>
	18	-
Less : amounts repayable within one year	<u>(8)</u>	<u>-</u>
Amounts repayable after more than one year (note 8)	<u>10</u>	<u>-</u>

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

	1998 £000	1997 £000
Obligations under finance leases	10	-
Amounts owed to parent and fellow subsidiaries	<u>5,101</u>	<u>4,857</u>
	<u>5,111</u>	<u>4,857</u>

FOLKESTONE PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1998

9. CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised : 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid : 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

10. CONTINGENT LIABILITIES

A syndicated loan of £12.0 million drawn down by Ferry and Port Holdings Limited is secured by a charge over the assets of two subsidiaries of Ferry and Port Holdings limited, including those of Folkestone Properties Limited.

11. 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.