

# Caledonian MacBrayne Limited

ANNUAL REPORT  
AND ACCOUNTS

1997  
-  
1998



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COMPANIES HOUSE 21/01/99





## Contents

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<i>Chairman's Statement</i> .....	1 - 2
<i>Fleet Information</i> .....	4
<i>Results Analysed by Area of Operation</i> .....	5
<i>Five Year Summary</i> .....	6
<i>Report of the Directors</i> .....	7
<i>Corporate Governance</i> .....	8
<i>Report of the Remuneration Committee</i> .....	8 - 9
<i>Auditors Report on Corporate Governance</i> .....	10
<i>Statement of Directors Responsibilities</i> .....	11
<i>Auditors Report</i> .....	11
<i>Profit and Loss Account</i> .....	12
<i>Balance Sheet</i> .....	13
<i>Cash Flow Statement</i> .....	14
<i>Notes on the Accounts</i> .....	15 - 20
<i>Current Cost Information</i> .....	21 - 22
<i>Professional Advisors</i> .....	23



**Caledonian MacBrayne**  
*Hebridean and Clyde Ferries*

Caledonian MacBrayne Limited  
The Ferry Terminal  
Gourock, PA19 1QP  
Telephone: (Gourock) (01475) 650100  
Fax: (01475) 637607

16 December 1998

The Rt. Hon. Donald Dewar M.P.,  
Secretary of State for Scotland,  
The Scottish Office,  
St. Andrew's House,  
EDINBURGH.  
EH1 3DG

*Dear Secretary of State,*

I submit the Report of Caledonian MacBrayne Limited for the year ended 31 March 1998, together with the Statement of Accounts and a copy of the Auditors' Report thereon dated 16 December 1998 in accordance with Section 8(1) of the Transport Scotland Act 1989.

*Yours sincerely,  
Neil Rankin*



REGISTERED OFFICE: The Ferry Terminal, Gourock, PA19 1QP (Registered in Scotland No. 1854)



## Chairman's Statement



*Rear Admiral N. E. Rankin CB, CBE  
Chairman*

This, my second year as Chairman, has proved to be a particularly challenging one for the Company and, bearing in mind we budget to break even, I am pleased to report that we have made a profit, after subsidy, of £54,000.

The main factors affecting the result are firstly, that the forecast increase in traffic of 2% did not materialise and, in fact, carryings for all main categories of traffic - with the exception of coaches - showed a decrease against the previous year; secondly there was an overspend on wage costs resulting from legislative changes on manning levels and also from costs associated with the repositioning of various small vessels during the Summer period as a result of technical problems; and thirdly, we incurred unforeseen expenditure on vessel modification during the overhaul period. Additionally, revenue was affected by industrial action. The disappointing reduction in traffic levels was largely attributable to the strength of the pound being a disincentive to foreign travellers, windfall building society payments allowing beneficiaries to travel further afield, and the fact that Easter in both 1997 and 1998 fell outwith this financial year. I would expect this downward trend to be reversed in the coming year.

The adverse factors to which I have referred were largely offset by savings in the cost of fuel and an unbudgeted profit on the early disposal of MV Iona. That said, we managed to achieve the financial, efficiency and quality of service targets set by the Secretary of State for Scotland.

We took delivery of MV Loch Alann in June 1997 and whilst engine problems have unfortunately kept her off service for a considerable part of her early life, the technical difficulties have now been resolved.

Following the decision to retain the vessels which formerly operated the Kyle-Kyleakin service, MV Loch Fyne and MV Loch Dunvegan, we will be able, through a cascade of vessels, to provide increased capacity on a number of small ferry services, namely Fishnish/Lochaline, Largs/Cumbræ, Colintraive/Rhubodach and Tobermory/Kilchoan. The programme of shore infrastructure modifications to accommodate the vessels transferred to these locations is being progressed.

In March 1998, we were honoured when HRH The Princess Royal undertook the naming ceremony for MV Clansman at Appledore Shipbuilders in Devon. The vessel entered service on the Oban/Inner Isles/Outer Isles service in early July 1998, which allows MV Lord of the Isles to transfer to the Mallaig based services during the Summer months and provide overhaul relief cover during Winter.

We are grateful to the Scottish Office for making available additional funding, at a time of strict public expenditure restraint, allowing us to maintain our capital expenditure programme. We are currently exploring with the Scottish Office whether provision of a replacement for MV Claymore under the Private Finance Initiative would be a practical option offering value for money, whilst simultaneously investigating other means of financing the investment which would allow the operation of the vessel to remain within the Company. The design options for the new Small Isles vessel are being reviewed and we anticipate that the vessel will be brought into service in time for Summer season 2000. This, combined with the associated shore infrastructure improvements on Eigg, Muck, Rum and Canna, should provide a much improved service.

The final report from the independent consultants' study on the Gourock/Dunoon service has been received and we await the Minister's decision on this matter. We also await the outcome of the study commissioned by the Scottish Office on the impact of fares levels on island communities, the final report of which is expected to be completed by August 1998. I hope that the output from the study will be available to inform decisions on the level of fares to be set for 1999.

I am pleased to report that the Secretary of State has decided to invite the Company to consider whether it can identify a basis for entering the open tendering exercise for the new Northern Isles Services subsidy agreement commencing in 2002. This will require additional resources to support a comprehensive and competitive bid.

As always, passenger and employee safety remains our top priority and, whilst we maintain an excellent safety record, we continue to strive for ever greater safety standards throughout the Company. We are also proud to have been recognised as an industry leader by demonstrating that our vessels meet the next generation of SOLAS stability and survivability requirements appropriate to their class.



*Photo by permission of The Arran Banner*

*HM The Queen at Brodick Pier at the start of her visit to Arran in August 1997*

On the marketing front, we continue to work closely with the Transport Authorities and Tourist Bodies at both local and national level, and to develop our policy of actively promoting the islands which we serve for the benefit of the island communities and tourists alike.

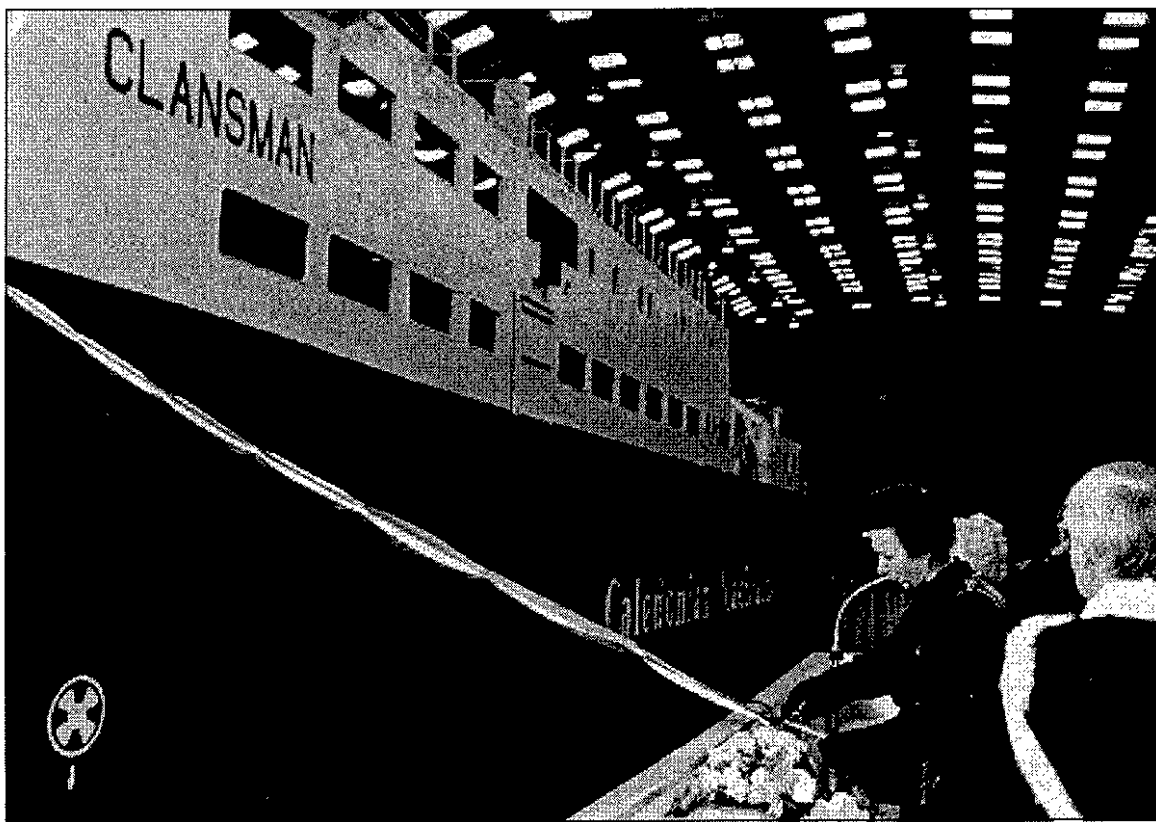
Although not obliged to comply, the Board considers it important that the Company adopts, as far as possible, the recommendations of the Code of Best Practice relating to Corporate Governance and a statement detailing the extent of the Company's compliance is given later in this report.

Colin Paterson, who had been Managing Director since 1983, retired in July 1997 and, on behalf of the Board, I would like to express our appreciation and admiration for his achievements and contribution to the success of the Company during his tenure.

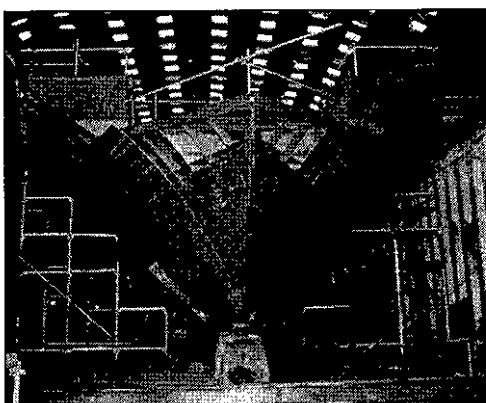
Captain John Simkins took over as Managing Director in August 1997. Amongst his early tasks are the implementation of changes to management structure - which will provide greater financial and operational control - and the proposed rationalisation of pay agreements across the Company which should provide greater flexibility and operational efficiency.

Finally, the Board wishes to record its gratitude and appreciation to all the Company's employees for their enthusiasm, hard work and untiring contribution to the success of the Company.

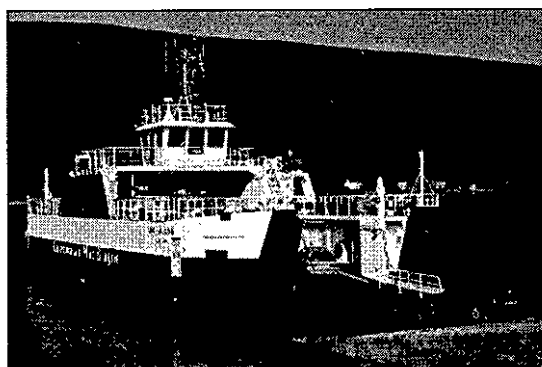
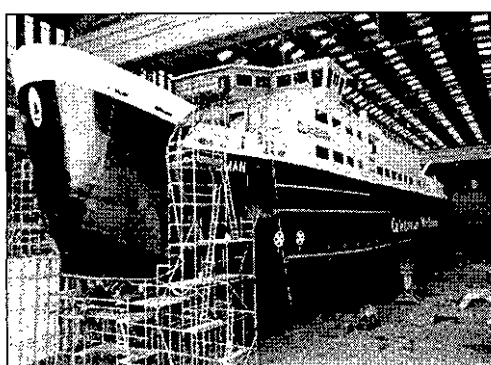
*Neil Rankin*



*HRH The Princess Royal undertook the Naming Ceremony for MV Clansman at Appledore Shipyard in Devon in March 1997 and during her itinerary met the officers who will operate the vessel*



*MV Clansman under construction at Appledore Shipyard, Devon*



*MV Loch Albyn which came into service in July 1997*



## Fleet Information

as at 31 March 1998

### Major Vehicle Ferries – Deployment 1998/99

	SUMMER	WINTER
MV Caledonian Isles	Arran	Arran
MV Clansman (under construction)	Coll/Tiree & Castlebay/Lochboisdale	Coll/Tiree & Castlebay/Lochboisdale/ Arran & Western Isles relief
MV Hebridean Isles	Tarbert & Lochmaddy	Tarbert & Lochmaddy
MV Isle of Arran	Islay	Islay
MV Isle of Lewis	Stomoway	Stomoway
MV Isle of Mull	Mull/Colonsay	Mull/Colonsay
MV Juno	Dunoon & Rothesay	Dunoon & Rothesay
MV Jupiter	Dunoon & Rothesay	Dunoon & Rothesay
MV Lord of the Isles	Armadale Castlebay/Lochboisdale	Islay, Coll/Tiree & Castlebay/Lochboisdale relief
MV Pioneer	Rothesay, Brodick	Clyde & Small Isles relief
MV Saturn	Dunoon & Rothesay	Dunoon & Rothesay

### Small Vehicle Ferries

MV Bruernish	MV Loch Bhrusda	MV Loch Riddon
MV Canna	MV Loch Buie	MV Loch Striven
MV Coll (up for disposal)	MV Loch Dunvegan	MV Loch Tarbert
MV Eigg	MV Loch Fyne	MV Raasay
MV Isle of Cumbrae	MV Loch Linnhe	MV Rhum (up for disposal)
MV Loch Alann	MV Loch Ranza	

### Passenger Ferries

MV Lochmor

### Ferry Boats

FB Ulva



MV Isle of Lewis. Length: 101m. Passengers: 680. Cars: 123.  
MV Caledonian Isles. Length: 93.5m. Passengers: 1000. Cars: 120.  
MV Isle of Mull. Length: 90m. Passengers: 1000. Cars: 80.



MV Lord of the Isles. Length: 84.5m. Passengers: 506. Cars: 56.  
MV Clansman. Length: 99m. Passengers: 634. Cars: 90.



MV Lochmor. Length: 31m. Passengers: 129.



MV Hebridean Isles. Length: 85m. Passengers: 507. Cars: 68



MV Pioneer. Length: 67m. Passengers: 218. Cars: 33.



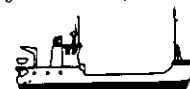
MV Loch Linnhe, MV Loch Riddon.  
Length: 30m. Passengers: 199. Cars: 12.  
MV Loch Ranza, MV Loch Striven.  
Length: 30m. Passengers: 150. Cars: 12.  
MV Loch Buie. Length: 30m. Passengers: 250.  
MV Loch Tarbert. Length: 30m. Passengers: 149. Cars: 18.  
MV Isle of Cumbrae. Length: 32m. Passengers: 139. Cars: 18.  
MV Loch Bhrusda. Length: 31m. Passengers: 150. Cars: 18.  
MV Loch Alann. Length: 31m. Passengers: 150. Cars: 24.  
MV Dunvegan, MV Loch Fyne.  
Length: 54.2m. Passengers: 250. Cars: 36.



MV Isle of Arran. Length: 85m. Passengers: 446. Cars: 68.



MV Juno, MV Jupiter, MV Saturn.  
Length: 69m. Passengers: 531. Cars: 40.



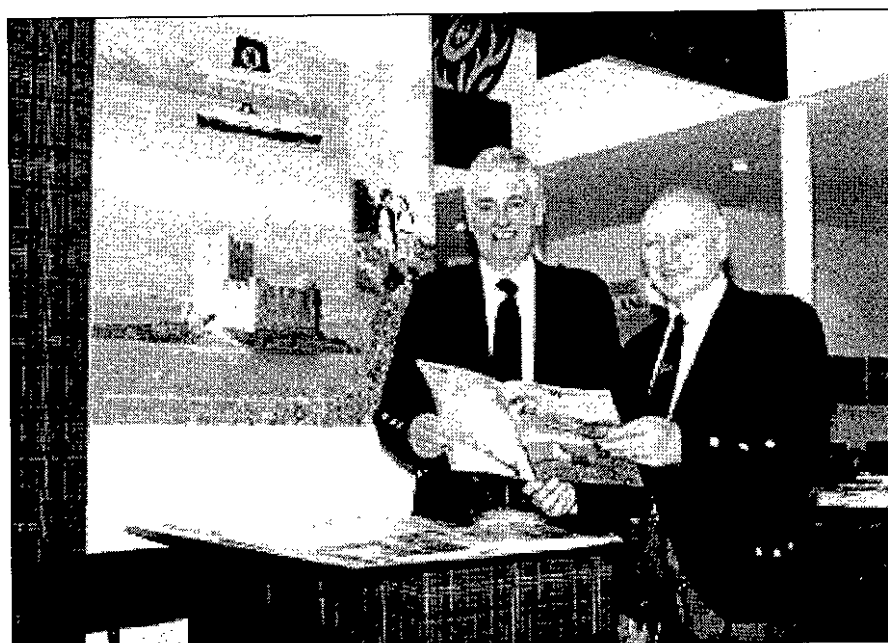
MV Bruernish, MV Canna, MV Raasay, MV Rhum.  
Length: 22.5m. Passengers: 164. Cars: 6.  
MV Coll. Length: 22.5m. Passengers: 100. Cars: 6.  
MV Eigg. Length: 22.5m. Passengers: 75. Cars: 6.



## Results Analysed by Area of Operation

	1998		1997	
	£000	£000	£000	£000
Operating Deficit/(Surplus):				
Upper Clyde		3,221		2,661
Outer Isles		2,030		1,969
Islay/Gigha		1,030		854
Mull/Colonsay		(164)		(132)
Skye and Small Isles		1,203		1,112 *
Arran/Kintyre		(828)		(888)
		<u>6,492</u>		<u>5,576</u>
Net deficit on other activities		31		41
		<u>6,523</u>		<u>5,617</u>
Depreciation (net of Capital Grants)	2,817		4,064	
Profit on sale of fixed assets	(535)		(20)	
Reserve fleet costs	1,166		1,138 *	
Interest payable	895		1,033	
Interest receivable	(420)		(354)	
		<u>3,923</u>		<u>5,861</u>
<b>OPERATING DEFICIT BEFORE REVENUE GRANT</b>		<b>10,446</b>		<b>11,478</b>
Revenue grant from Secretary of State for Scotland		<u>10,500</u>		<u>11,674</u>
<b>PROFIT BEFORE TAXATION</b>		<b><u>54</u></b>		<b><u>196</u></b>

\* 1997 figures have been restated for comparison purposes.



Managing Director John Simkins  
with Scottish Tourist Board  
Chairman Ian Grant at the 1997  
World Travel Market in Earls Court.





## Five Year Summary of Statistics

	1993	1994/95	1995/96	1996/97	1997/98
<b>TRAFFIC CARRYINGS (000s)</b>					
(Kyle-Kyleakin service carryings shown in brackets)					
Passengers	6,200 (1,524)	6,223 (1,496)	6,221 (1,202)	5,118 (-)	5071 (-)
Cars	1,296 (443)	1,305 (441)	1,270 (361)	944 (-)	923 (-)
Commercial vehicles	111 (33)	115 (34)	102 (18)	84 (-)	83 (-)
Buses and coaches	20 (10)	19 (9)	18 (7)	12 (-)	12 (-)
<b>PERCENTAGE OF SCHEDULED SERVICES COMPLETED ON TIME</b>					
Summer	97.1	97.2	97.0	95.6	97.1
Winter	95.1	96.0	96.4	94.4	97.5
<b>PERCENTAGE OF SCHEDULED SERVICES NOT OPERATED</b>					
Summer	0.5	0.4	0.3	0.9	1.2
Winter	1.7	0.7	1.0	2.3	1.1
<b>REVENUE SUBSIDY PER PASSENGER (£)</b>					
Actual	1.16	1.08	1.33	2.28	2.07
Real terms (Base: 1997/98)	1.31	1.19	1.41	2.36	2.07
<b>OPERATING COSTS PER PASSENGER (£)</b>					
Actual	5.89	6.21	6.60	8.90	8.98
Real terms (Base: 1997/98)	6.65	6.82	6.99	9.22	8.98
<b>REVENUE SUBSIDY AS PERCENTAGE OF TURNOVER</b>					
	19.3	17.2	19.5	25.1	22.8



The boardroom: Left to right R.J. McKay (Finance Director), A.M. Gold (Non-executive Director), S. Grier (Non-executive Director), P.A. Ritchie (Non-executive Director), Captain J.A.B. Simkins (Managing Director), G.V. MacLeod (Non-executive Director), Rear Admiral N.E. Rankin (Chairman), K.M. Duerden (Commercial Director), T.C. McNeill (Technical Director), Sir Robert Easton (Non-executive Director), G.W. McKenzie (Company Secretary).



## Report of the Directors

The Directors have pleasure in submitting their Report and Accounts for the year ended 31 March 1998.

### Results:

The Company made a profit of £54,000 after tax. No dividends have been paid or are proposed, which leaves a profit of £54,000 to be transferred to reserves.

### 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 outside the Undertaking with the Secretary of State for Scotland.

Turnover for the year compared with the previous year decreased by 0.7% to £46.1m whilst operating costs were unchanged at £45.6m. In the opinion of the Directors, the state of affairs of the Company is satisfactory.

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 took delivery in June 1998 of the vessel MV Clansman which will operate the services between Oban and Coll, Tiree, Barra and South Uist thereby allowing, by cascade, improved capacity on the Mallaig based services.

The Company is currently exploring under the private finance initiative the possibility of providing a new vessel for operation from the year 2000 on the Skye triangle service.

The programme of upgrading and improvements to terminal facilities has continued with the completion of the widening of Fishnish Slipway and the provision of mooring dolphins at both Castlebay and Lochboisdale to accommodate the new vessel MV Clansman. The decision to retain the "Kyle" vessels MV Loch Dunvegan and MV Loch Fyne and the associated cascade effect has necessitated infrastructure modifications at Colintrave, Rhubodach, Largs, Tobermory and Kilchoan which are at various stages of completion.

As is widely acknowledged, many computer systems require to be amended or replaced due to the effect of the year 2000 problem. To address this problem, the Company has initiated a formal project under which responsibility has been divided into two specific areas; one to deal with the head office systems and the other to deal with hardware and software on board vessels.

### Political and Charitable Donations:

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

### Directors and their Interests:

The following present Directors, who served throughout the year, hold office without term:

Mr R J McKay  
Mr TC McNeill

The following present Directors, who served throughout the year, were appointed to hold office until the date shown:

Mr KM Duerden	— 31 October 1998
Mr G V MacLeod	— 31 March 1999
Mrs P A Ritchie	— 31 March 1999
Rear Admiral NE Rankin CB, CBE	— 31 July 1999
Mr S Grier OBE	— 31 March 2000

The following present Director was appointed on 1 April 1997 to hold office until the date shown:

Mr A M Gold — 31 March 2000

The following present Director was appointed on 13 June 1997 to hold office until the date shown:

Sir Robert Easton CBE — 31 March 2000

The following present Director was appointed on 1 August 1997 to hold office until the date shown:

Captain JAB Simkins — 31 July 2000

The following Director retired on 31 July 1997:

Mr CS Paterson CBE

The Secretary of State for Scotland was a Shadow Director of the Company under Section 741 of the Companies Act 1985 throughout the year and continues to be so.

None of the Directors had any beneficial interest in the share capital of the Company at any time during the year. The Company is wholly owned by the Secretary of State for Scotland.

### 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 are encouraged to be involved 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 the position. 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 the employee's abilities following the disablement.

### Auditors:

A resolution to re-appoint KPMG as Auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

G W McKenzie  
Secretary  
16 December 1998



## Corporate Governance

The Board considers that during the year, although not a listed company, the Company nevertheless complied with the recommendations of the Code of Best Practice established by the Committee on the Financial Aspects of Corporate Governance (the Cadbury Committee and the Greenbury Committee) with the exception that the Chairman is a member of the Company Pension Scheme.

The Board is responsible for the Company's system of internal financial control. The system is designed to provide reasonable but not absolute assurance against material mis-statement or loss. The Company has an established framework of internal financial control which is monitored and supported by an internal audit function. The key elements of the system of internal financial control are as follows:

- regular meetings of the Board of Directors which has a schedule of matters which are specifically reserved for its approval
- an established audit committee of the Board which meets regularly and receives, inter alia, reports on the system of internal financial control from management and internal and external auditors, thereby providing reasonable assurance that control procedures are in place and are being followed
- an organisational structure within the company with clear lines of responsibility
- an established schedule of items which require board approval

- a three year strategic plan with a detailed annual budget, regularly revised forecasts, a comparison of actual with budget and with forecast on a monthly basis, operating cash flow and variance statements, and key performance indicators, all of which are reviewed by the Board

From 1 April 1998, the internal audit function is being strengthened by the appointment of an independent firm of accountants who will provide an audit management service in conjunction with the Company's existing personnel.

The Directors, through the audit committee, have reviewed the effectiveness of the system of internal financial control in existence in the Company for the year ended 31 March 1998.

The Board includes six non-executive directors who collectively represent a wide range of business experience.

The Board maintains an audit committee which operates along the lines recommended in the Code. The members of the Audit Committee (all of whom are non-executive Board Members) are as follows:

Mrs P A Ritchie (Chairperson)  
Mr S Grier  
Mr G V MacLeod

The Company also has a remuneration committee, comprising three non-executive directors, which is chaired by Rear Admiral N E Rankin.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## Report of the Remuneration Committee

The members of the Remuneration Committee (all of whom are non-Executive Board Members) are as follows:

Rear Admiral N E Rankin (Chairman)  
Sir Robert Easton  
Mrs P A Ritchie

The primary function of the Committee is to make recommendations to the Scottish Office on Board Members pay and conditions, taking due account of the guidelines issued from time to time by H M Treasury in respect of Nationalised Industries and other Trading Bodies. In particular the main items in respect of which the Committee makes recommendations are as follows:

- Basic remuneration levels for Executive Directors
- Level of bonus payments for Executive Directors to be made available under the Board Bonus Scheme
- Targets to be set for the purpose of the Board Bonus Scheme
- Remuneration of non-Executive Directors
- Any matter concerning terms and conditions of service of Executive and non-Executive Directors
- Any policy matters concerning fringe benefits for Executive Directors

The basic remuneration levels of both Executive and non-Executive Board Members are set by the Scottish Office each year.

Under the Board Bonus Scheme for Executive Directors, it is policy to agree in advance with the Scottish office each year financial, efficiency and quality of service targets and related bonus payments and penalties for varying levels of achievement or under-performance. In addition, a penalty for breach of External Financing Limit is also set. Penalties under the Bonus Scheme cannot have a negative effect on basic pay.



## Report of the Remuneration Committee (Contd.)

The following tables detail the various elements of remuneration paid to each Director for the financial year:

### Directors' Remuneration

	Salary £000	Fees £000	Bonus Payment £000	Benefits in kind (1) £000	Total		Pension	
					This Year £000	Last Year £000	This Year £000	Last Year £000
Executive Directors								
J A B Simkins (appointed 1/8/97)	47	—	10	6	63	—	5	—
K M Duerden	46	—	9	5	60	61	6	7
R J McKay	49	—	9	7	65	65	6	7
T C McNeill	49	—	9	7	65	65	6	7
C S Paterson (retired 31/7/97)	23	—	4	3	30	89	3	10
Non-Executive Directors								
N E Rankin	—	36	—	1	37	25	4	2
Sir Robert Easton (appointed 13/6/97)	—	5	—	—	5	—	—	—
A Gilchrist (retired 31/3/97)	—	—	—	—	—	9	—	—
A M Gold (appointed 1/4/97)	—	6	—	—	6	—	—	—
S Grier	—	6	—	—	6	3	—	—
G V MacLeod	—	6	—	—	6	6	—	—
D Martin (retired 31/3/97)	—	—	—	—	—	5	—	—
Mrs P A Ritchie	—	6	—	—	6	6	—	—
	214	65	41	29	349	334	30	33

(1) The principal benefits in kind relate to provision of a fully expensed car and medical insurance.

### Pensions

All Executive Directors are members of the Company's pension scheme. The Chairman, Rear Admiral N E Rankin is also a member of the Company's pension scheme.

The Company scheme (to which each individual contributes 4%) entitles members to a pension on retirement based on their Final Pensionable Salary which reflects the highest salary in each of the last five years of pensionable service.

The financial effect of the pension arrangements for the Directors who are members of the Company's pension scheme is set out below:

	Annual Pension payable from normal retirement date based on service and salary at March		After taking account of inflation during the year, the increase in annual pension is		The cost to the pension scheme (transfer value) of the increase in annual pension is	
	1998 £000	1997 £000	1998 £000	1997 £000	1998 £000	1997 £000
N E Rankin	1	—	1	—	7	3
J A B Simkins (appointed 1/8/97)	1	—	1	—	7	—
K M Duerden	12	10	1	1	7	5
R J McKay	6	5	1	1	7	6
T C McNeill	3	2	1	1	10	8
C S Paterson (retired 31/7/97)	50	50	2	2	28	15

Allowance has been made in the above for the contributions made by Directors.  
Figures shown for 1998 in respect of C S Paterson relate to his retirement date.

### Service Contracts of Executive Directors

K M Duerden and J A B Simkins have three-year fixed term renewable Contracts which end on 31 October 1998 and 31 July 2000 respectively.

R J McKay and T C McNeill have open-ended Contracts which require the Company to give 12 months and 6 months notice respectively, and the Directors to give 3 months and 6 months notice respectively.

Normal retirement age for all Executive Directors is 65.

On behalf of the Remuneration Committee

*Neil Rankin*

N E Rankin  
Chairman  
16 December 1998



*Review report by the Auditors to  
Caledonian MacBrayne Limited  
on Corporate Governance matters*



In addition to our audit of the Accounts, we have reviewed the directors' statements on page 8 on the company's compliance with the paragraphs of the Cadbury Code of Best Practice to the extent which would have been required of us had the company been subject to the listing rules of the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

**Basis of opinion**

We carried out our review in accordance with guidance issued by the Auditing Practices Board. This guidance does not require us to perform any additional work necessary to express a separate opinion on the effectiveness of either the company's system of internal financial control or the company's corporate governance procedures, or on the ability of the company to continue in operational existence.

**Opinion**

With respect to the directors' statements on internal financial control, and going concern on page 8, in our opinion the directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) as if those requirements applied to the company and such statements are not inconsistent with the information of which we are aware from our audit work on the Accounts.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement on page 8 appropriately reflects the company's compliance with the other paragraphs of the code specified for our review.

KPMG  
Chartered Accountants  
Registered Auditors  
24 Blythswood Square  
GLASGOW  
G2 4QS  
16 December 1998



## *Statement of Directors' Responsibilities in respect of the Accounts*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Accounts; and
- prepare the Accounts on the 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 Accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## *Report of the Auditors to the Members of Caledonian MacBrayne Limited*



We have audited the Accounts on pages 12 to 20. We have also examined the amounts disclosed relating to emoluments and pension entitlements of the directors which form part of the Remuneration Committee report on pages 8 and 9.

### **Respective responsibilities of directors and auditors**

As described above the company's directors are responsible for the preparation of Accounts. It is our responsibility to form an independent opinion, based on our audit, on those Accounts 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 Accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Accounts, 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 Accounts 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 Accounts.

### **Opinion**

In our opinion the Accounts give a true and fair view of the state of the company's affairs as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

We have also examined the abridged current cost information on pages 21 and 22 which, in our opinion, has been properly prepared in accordance with the current cost principles, accounting policies and methods described on page 21.

KPMG  
Chartered Accountants  
Registered Auditors  
24 Blythswood Square  
GLASGOW  
G2 4QS  
16 December 1998



## *Profit and Loss Account*

for the year ended 31 March 1998

	Note	1998		1997	
		£000	£000	£000	£000
TURNOVER	2		<u>46,079</u>		<u>46,427</u>
OPERATING EXPENDITURE					
Fuel, Power and Lubricants		2,859		3,407	
Maintenance Materials, Supplies and Services		<u>7,132</u>		<u>6,636</u>	
			9,991		10,043
Staff Costs:					
Wages and Salaries		19,138		18,059	
Social Security Costs		<u>1,596</u>		<u>1,518</u>	
Other Pension Costs		<u>1,062</u>		<u>1,107</u>	
			21,796		20,684
Depreciation		4,702		5,758	
Less: Credit for Capital Grants		<u>(1,885)</u>		<u>(1,694)</u>	
			2,817		4,064
Other Operating Charges			<u>10,946</u>		<u>10,761</u>
TOTAL OPERATING EXPENDITURE			<u>45,550</u>		<u>45,552</u>
OPERATING PROFIT			529		875
Interest Receivable		420		354	
Interest Payable	3	<u>(895)</u>		<u>(1,033)</u>	
			(475)		(679)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3		54		196
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	4		<u>—</u>		<u>—</u>
PROFIT FOR THE FINANCIAL YEAR			54		196
RETAINED PROFITS BROUGHT FORWARD			<u>7,476</u>		<u>7,280</u>
RETAINED PROFITS CARRIED FORWARD			<u><u>7,530</u></u>		<u><u>7,476</u></u>

There were no recognised gains or losses in either financial year other than those reported above.

The Notes on pages 15 to 20 form part of these Accounts



## Balance Sheet

as at 31 March 1998

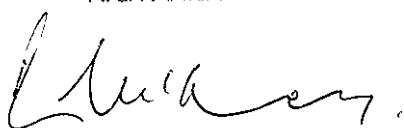
	Note	1998		1997	
		£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Tangible Assets	6		77,727		71,525
Investment in Subsidiary Undertaking	7		—		—
			<u>77,727</u>		<u>71,525</u>
<b>CURRENT ASSETS</b>					
Stocks of fuel lubricants and consumables			527		634
Debtors	8		8,154		7,053
Cash at bank and in hand			876		3,419
			<u>9,557</u>		<u>11,106</u>
<b>CREDITORS</b>					
Amounts falling due within one year	9		(8,076)		(9,395)
<b>NET CURRENT ASSETS</b>			<u>1,481</u>		<u>1,711</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>79,208</u>		<u>73,236</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	10		(7,161)		(10,265)
<b>ACCRUALS AND DEFERRED INCOME</b>					
Capital Grants	11		(46,217)		(37,195)
			<u>53,378</u>		<u>(47,460)</u>
<b>NET ASSETS</b>			<u>25,830</u>		<u>25,776</u>
<b>CAPITAL AND RESERVES</b>					
Called up Share Capital	13		15,000		15,000
Capital Reserve	14		3,300		3,300
Profit and Loss Account			7,530		7,476
<b>SHAREHOLDERS' FUNDS – ALL EQUITY</b>			<u>25,830</u>		<u>25,776</u>

These Accounts were approved by the Board of Directors on 16 December 1998 and signed on its behalf by:



N. E. RANKIN

CHAIRMAN



R. J. MCKAY

FINANCE DIRECTOR

The Notes on pages 15 to 20 form part of these Accounts





## Cash Flow Statement

for the year ended 31 March 1998

	Note	1998		1997	
		£000	£000	£000	£000
NET CASH INFLOW FROM OPERATING ACTIVITIES	18(a)		2,270		5,379
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		420		354	
Interest paid		(956)		(1,076)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(536)		(722)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(11,188)		(3,528)	
Receipts from sales of tangible fixed assets		819		62	
Capital grants received		10,531		2021	
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE			162		(1,445)
NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING			1,896		3,212
MANAGEMENT OF LIQUID RESOURCES	18(b)		2,169		(1,056)
FINANCING					
Loans received				709	
Loans repaid		(4,198)		(2,543)	
NET CASH OUTFLOW FROM FINANCING			(4,198)		(1,834)
(DECREASE)/INCREASE IN CASH			(133)		322

### Reconciliation of net cash flow to movement in net debt

	£000	£000
(Decrease)/Increase in cash in the period	(133)	322
(Decrease)/Increase in short term deposits	(2,169)	1,056
Net movement on loans	4,198	1,834
Movement in net debt in the period	1,896	3,212
Net debt at 1 April	(9,437)	(12,649)
Net debt at 31 March	(7,541)	(9,437)



## Notes on the Accounts

---

### 1. Accounting Policies

#### (a) Accounting Convention

These accounts have been prepared under the historical cost convention and in accordance with all applicable accounting standards.

#### (b) Consolidation

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

#### (c) Tangible Assets

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

Ships and other assets including linkspans under construction are recorded at cost on the basis of payments to account. No depreciation is charged until the asset comes into use.

#### (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	Between 4 and 5 years
Plant and equipment	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 in each accounting period the accounts shall 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 a 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.



## Notes on the Accounts

### 2. Turnover

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

	1998	1997
	£000	£000
Subsidy from the Secretary of State for Scotland	10,500	11,674
Subsidy received from the Department for the Environment for Northern Ireland	216	—
Grants received under Section 151 of the Local Government (Scotland) Act 1973	85	70

Turnover for the year includes traffic pier dues collected on behalf of other pier authorities. The amounts so collected are paid over to the appropriate pier authorities and are treated as an expense which is included under Other Operating Charges.

### 3. Profit on Ordinary Activities before Tax

The Profit is stated:

	1998	1997
	£000	£000
After charging/(crediting):		
Auditors' remuneration – audit services	17	17
– non audit services	37	14
Depreciation on Fixed Assets	4,702	4,758
Exceptional depreciation on vessels awaiting disposal	—	1,000
Interest payable on bank loans and overdrafts	529	700
Interest payable on other loans	366	333
Operating lease costs	116	94
Release of capital grants	(1,885)	(1,694)
Net gain on disposal of tangible assets	(535)	(20)

### 4. Taxation on Profit on Ordinary Activities

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

	1998	1997
	£000	£000
Corporation Tax	—	—

The tax charge for the year is £Nil (1997: £Nil) due to the utilisation of tax losses.

### 5. Employees

The average number of employees was made up as follows:

	1998	1997
	No.	No.
Ship Operating	658	639
Shore Terminal	211	209
Administrative	98	96
	<u>967</u>	<u>944</u>

The analysis of employee numbers in respect of 1997 has been restated to a basis consistent with the current year.



## Notes on the Accounts

### 6. Tangible Assets

#### (a) Movements during year:

	Assets in course of construction	Land and Buildings	Ships	Vehicles	Plant and Equipment	Total
	£000	£000	£000	£000	£000	£000
<b>At Cost:</b>						
At 1 April 1997	3,620	28,852	76,497	670	1,989	111,628
Additions	11,024	—	—	164	—	11,188
Transfers	(3,022)	177	2,845	—	—	—
Disposals	—	—	(3,685)	(129)	—	(3,814)
<b>At 31 March 1998</b>	<b>11,622</b>	<b>29,029</b>	<b>75,657</b>	<b>705</b>	<b>1,989</b>	<b>119,002</b>
<b>Aggregate Depreciation:</b>						
At 1 April 1997	—	6,987	31,256	387	1,473	40,103
Charge for the year	—	710	3,522	123	347	4,702
Disposals	—	—	(3,450)	(80)	—	(3,530)
<b>At 31 March 1998</b>	<b>—</b>	<b>7,697</b>	<b>31,328</b>	<b>430</b>	<b>1,820</b>	<b>41,275</b>
<b>Net Book Value at 31 March 1998</b>	<b>11,622</b>	<b>21,332</b>	<b>44,329</b>	<b>275</b>	<b>169</b>	<b>77,727</b>
<b>Net Book Value at 31 March 1997</b>	<b>3,620</b>	<b>21,865</b>	<b>45,241</b>	<b>283</b>	<b>516</b>	<b>71,525</b>

Land and Buildings is made up as follows:

	Land	Buildings			Piers Slipways and Linkspan Facilities	Total
		Freehold	Long Lease	Short Lease		
	£000	£000	£000	£000	£000	£000
<b>At Cost:</b>						
At 1 April 1997	356	2,351	139	1,166	24,840	28,852
Additions	—	—	—	—	—	—
Transfers	—	—	—	—	177	177
Disposals	—	—	—	—	—	—
<b>At 31 March 1998</b>	<b>356</b>	<b>2,351</b>	<b>139</b>	<b>1,166</b>	<b>25,017</b>	<b>29,029</b>
<b>Aggregate Depreciation:</b>						
At 1 April 1997	—	769	28	888	5,302	6,987
Charge for the year	—	57	4	17	632	710
Disposals	—	—	—	—	—	—
<b>At 31 March 1998</b>	<b>—</b>	<b>826</b>	<b>32</b>	<b>905</b>	<b>5,934</b>	<b>7,697</b>
<b>Net Book Value at 31 March 1998</b>	<b>356</b>	<b>1,525</b>	<b>107</b>	<b>261</b>	<b>19,083</b>	<b>21,332</b>
<b>Net Book Value at 31 March 1997</b>	<b>356</b>	<b>1,582</b>	<b>111</b>	<b>278</b>	<b>19,538</b>	<b>21,865</b>

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

	1998 £000	1997 £000
No provision has been made in these Accounts for outstanding Capital Commitments contracted for of	5,712	14,758
Capital Grants receivable in respect of these commitments amount to	1,882	11,073



## 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:

	1998 £000	1997 £000
Investment in Subsidiary Undertaking	74	74
Long term indebtedness	(74)	(74)
	<u>—</u>	<u>—</u>

### 8. Debtors

	1998 £000	1997 £000
Trade debtors	1,627	1,561
Capital grants receivable	750	374
Other debtors	1,216	686
Annual overhaul prepayments	3,810	3,678
Other prepayments and accrued income	751	754
	<u>8,154</u>	<u>7,053</u>
	<u>2</u>	<u>7</u>

Amount included within other debtors which is not receivable within the next twelve months

### 9. Creditors: amounts falling due within one year

	1998 £000	1997 £000
Bank overdraft	—	241
Loans (note 10)	1,256	2,350
Trade creditors	4,155	4,309
Tax and social security payments	705	547
Other creditors	373	390
Maintenance provisions	36	11
Accruals and receipts in advance	<u>1,551</u>	<u>1,547</u>
	<u>8,076</u>	<u>9,395</u>

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

	1998 £000	1997 £000
7½% secured loans wholly repayable within five years, repayable in half-yearly instalments	4,139	8,115
8½% unsecured loans not wholly repayable within five years, repayable in half-yearly instalments	3,336	3,527
8¼% unsecured loans not wholly repayable within five years, repayable in half-yearly instalments	251	264
7¼% unsecured loans not wholly repayable within five years, repayable in half-yearly instalments	691	709
	<u>8,417</u>	<u>12,615</u>
Less: Repayable within twelve months (note 9)	<u>(1,256)</u>	<u>(2,350)</u>
	<u>7,161</u>	<u>10,265</u>
Instalments on the loans included above are repayable as follows:		
between one and two years	1,275	2,055
between two and five years	2,787	4,889
after five years	3,099	3,321
	<u>7,161</u>	<u>10,265</u>

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

### 11. Capital Grants

	1998 £000	1997 £000
Balance at 1 April	37,195	36,538
Grants receivable	10,907	2,351
Less: released to Profit and Loss Account	<u>(1,885)</u>	<u>(1,694)</u>
Balance at 31 March	<u>46,217</u>	<u>37,195</u>



## Notes on the Accounts

### 12. 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 31% (1997: 33%) is as follows:

	1998	1997
	£000	
Capital allowances in advance of depreciation	6,600	6,650
Less: unutilised trading losses	(600)	(600)
	<u>6,000</u>	<u>6,050</u>

### 13. Share Capital

	1998	1997
	£000	£000
Authorised allotted issued and fully paid – 1.5 million ordinary shares of £10 each	<u>15,000</u>	<u>15,000</u>

### 14. Capital Reserve

	£000
Balance at 1 April 1997	3,300
Movement during the year	—
Balance at 31 March 1998	<u>3,300</u>

### 15. Reconciliation of Shareholders Funds

	1998	1997
	£000	£000
Opening balance	25,776	25,580
Profit for the year after taxation	54	196
Closing balance	<u>25,830</u>	<u>25,776</u>

### 16. Pension Commitments

The Company operates a contributory pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the Company and are under the control of the Trustees of the scheme who have appointed professional investment managers to invest the assets of the scheme. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent actuarial valuation was undertaken at 6 April 1996. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and to the rate of increase in salaries and pensions. It was assumed that the investment returns would be 2% per annum higher than the growth in pensionable pay and that present and future pensions in payment would increase at the rate of 4.5% per annum.

The valuation showed that the market value of the scheme's assets was £14.7m and that the actuarial value of those assets represented 109% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The contribution rate, including employees contributions, but excluding the cost of the insured lump sum death in service benefit, for 1997/98 of 15.2% of pensionable payroll is considered adequate and will eliminate the surplus over the average working lives of the employees.

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 Funds 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 in respect of contributions to Pension Schemes is:

	1998	1997
	£000	£000
Company scheme	646	704
Other schemes	416	403
	<u>1,062</u>	<u>1,107</u>

The following amount which represents contributions to be paid to Pension Schemes is included in Creditors:

1998	1997
£000	£000
139	157



## Notes on the Accounts

### 17. 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:

1998	1997
£000	£000
116	94

### 18. Notes to the Cash Flow Statement

#### (a) Reconciliation of operating profit to net cash inflow from operating activities

	1998	1997
	£000	£000
Operating profit	529	875
Depreciation charge (net of capital grants)	2,817	4,064
Gain on disposal of tangible assets	(535)	(20)
Decrease in stocks	107	80
Increase in debtors	(725)	(1,131)
Increase in creditors	77	1,511
Net cash inflow from operating activities	2,270	5,379

#### (b) Management of liquid resources

	£000	£000
Receipt from/(payments into) term deposits of less than one year	2,169	(1,056)

#### (c) Analysis of net debt

	As at 1 April 1997	Cash Flow	As at 31 March 1998
	£000	£000	£000
Cash at bank and in hand	1,250	(374)	876
Term deposits	2,169	(2,169)	—
Bank overdraft	(241)	241	—
	3,178	(2,302)	876
Loans			
Due within one year	(2,350)	1,094	(1,256)
Due after one year	(10,265)	3,104	(7,161)
	(12,615)	4,198	(8,417)
Total	(9,437)	1,896	(7,541)



## 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 March 1998.
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 March 1998.
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 March 1998. The level of increase in gross replacement cost arising on these vessels during the year to 31 March 1998 has been applied to the gross replacement cost at 31 March 1997 of those vessels which were not specifically valued as at March 1998 to arrive at an estimate of their gross replacement cost as at 31 March 1998.
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 March 1998

	1998 £000	1997 £000
HISTORICAL COST PROFIT BEFORE TAXATION	54	196
Adjustment in respect of depreciation	(3,206)	(2,513)
Adjustment in respect of capital grants	<u>3,829</u>	<u>3,466</u>
CURRENT COST PROFIT BEFORE TAXATION	677	1,149
Taxation	<u>-</u>	<u>-</u>
CURRENT COST PROFIT FOR THE FINANCIAL YEAR	677	1,149
Deficit brought forward	<u>(11,928)</u>	<u>(13,077)</u>
DEFICIT CARRIED FORWARD	<u>(11,251)</u>	<u>(11,928)</u>





## Current Cost Information

### CURRENT COST BALANCE SHEET as at 31 March 1998

	1998		1997	
	£000	£000	£000	£000
<b>FIXED ASSETS</b>				
Land and buildings		28,975		28,712
Ships		79,525		73,875
Vehicles		242		238
Plant and machinery		309		579
		<u>109,051</u>		<u>103,404</u>
<b>CURRENT ASSETS</b>				
Stocks of fuel lubricants and consumables	527		634	
Debtors	8,356		7,053	
Cash at bank and in hand	876		3,419	
	<u>9,759</u>		<u>11,106</u>	
<b>CREDITORS: amounts falling due within one year</b>		<u>(8,278)</u>		<u>(9,395)</u>
<b>NET CURRENT ASSETS</b>		<u>1,481</u>		<u>1,711</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>110,532</u>		<u>105,115</u>
<b>CREDITORS: amounts falling due after more than one year</b>		<u>(7,161)</u>		<u>(10,265)</u>
<b>ACCRUALS AND DEFERRED INCOME</b>				
Capital grants		<u>(80,819)</u>		<u>(76,378)</u>
		<u>(87,980)</u>		<u>(86,643)</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital		15,000		15,000
Profit and loss account		(11,251)		(11,928)
Current cost reserve		15,503		12,100
Capital reserve		3,300		3,300
		<u>22,552</u>		<u>18,472</u>

### CURRENT COST RESERVE

	1998		1997	
	£000	£000	£000	£000
Opening Balance		12,100		10,700
Current cost movements during the period:				
Fixed assets		2,651		3,230
Capital grants		752		(1,830)
		<u>15,503</u>		<u>12,100</u>
Closing Balance		<u>15,503</u>		<u>12,100</u>
of which: realised		18,781		19,403
unrealised		<u>(3,278)</u>		<u>(7,303)</u>
		<u>15,503</u>		<u>12,100</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



## *Professional Advisors*

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### Auditors

KPMG  
24 Blythswood Square  
Glasgow G2 4QS

### Solicitors

McGrigor Donald  
Pacific House  
70 Wellington Street  
Glasgow G2 6SB

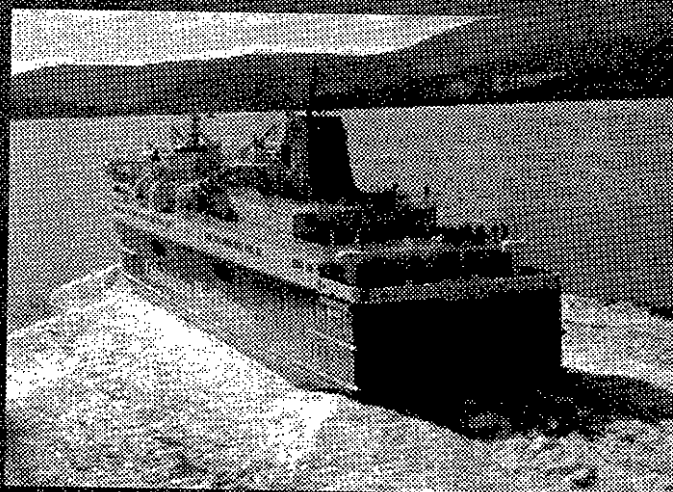
### Bankers

The Royal Bank of Scotland  
8/10 Gordon Street  
Glasgow G1 3PL

Girobank  
93 George Street  
Edinburgh EH2 3JL

### Principal Insurers

The North of England Protecting & Indemnity Association  
and Marine Shipping Mutual Insurance  
The Quayside  
Newcastle-Upon-Tyne NE1 3DU



## **Caledonian MacBrayne Limited**

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