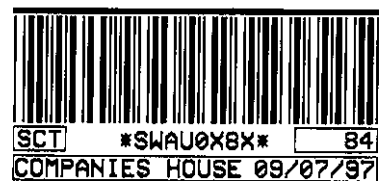


WAVERLEY STEAM NAVIGATION CO. LTD.
COMPANY NO. - 50789

Abbreviated Accounts
For the year ended 31st October 1996

HENDERSON & COMPANY
CHARTERED ACCOUNTANTS
73 UNION STREET
GREENOCK



AUDITORS' REPORT TO THE DIRECTORS OF WAVERLEY STEAM NAVIGATION CO. LTD.

IN ACCORDANCE WITH PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 5 together with the full financial statements of Waverley Steam Navigation Co. Ltd. for the year ended 31st October 1996. The scope of our work for the purpose of this report was limited to confirming whether the company is entitled to the exemptions claimed in the Directors' Statement on page 3 and whether the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled to the exemptions claimed in the Directors' Statement on page 3 and the abbreviated accounts have been properly prepared in accordance with Schedule 8 to the Companies Act 1985.

On 16th June 1997 we reported, as auditors of Waverley Steam Navigation Co. Ltd., to the members on the full financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31st October 1996 and our audit report was as follows:

"We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described above the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 affairs of the Company as at 31st October 1996 and its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the Company is entitled to the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts for the financial year ended 31st October 1996."

The Statement of Directors' Responsibilities referred to in our audit report on the full financial statements, referred to above, was as follows:-

"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 and of the surplus or deficit for that year. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on 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 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."


HENDERSON & COMPANY
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

73 Union Street,
Greenock

16th June 1997

WAVERLEY STEAM NAVIGATION CO. LTD.
ABBREVIATED BALANCE SHEET AS AT 31ST OCTOBER 1996

	1996 £	1995 £	Note
FIXED ASSETS			
Tangible Assets	76,737	98,616	2
Investment in Subsidiary	<u>100</u>	<u>100</u>	3
	76,837	98,716	
CURRENT ASSETS			
Debtors	<u>170,600</u>	<u>27,289</u>	
Cash at Bank	<u>261,015</u>	<u>392,848</u>	
	431,615	420,137	
CREDITORS:			
Amounts falling due within one year	<u>9,044</u>	<u>8,250</u>	
NET CURRENT ASSETS	<u>422,571</u>	<u>411,887</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES	499,408	510,603	
CREDITORS:			
Amounts falling due after more than one year	<u>83,935</u>	<u>91,435</u>	
	415,473	419,168	
Represented by:			
CAPITAL AND RESERVES			
Called Up Share Capital	39	39	4
Income and Expenditure Account	<u>415,434</u>	<u>419,129</u>	
	415,473	419,168	

The Directors have taken advantage of the exemptions conferred by Part III of Schedule 8 to The Companies Act 1985 and have done so on the grounds that, in their opinion, the Company is entitled to those exemptions as a small company.

These financial statements were approved by the Board of Directors on 16th June 1997 and were signed on its behalf by:


J.T. SYLVESTER
 Director

WAVERLEY STEAM NAVIGATION CO. LTD.

NOTES TO THE ABBREVIATED ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts have been prepared under the historical cost convention.

(b) Consolidation

The Company and its subsidiary comprise a small group. The Company has therefore taken advantage of the exemptions provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

(c) Cash Flow

The accounts do not include a cash flow statement because the Company as a small reporting entity is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash Flow Statements'.

(d) Grants and Donations

Grants received in respect of fixed assets have been credited to a Deferred Grant account and are released to revenue over the expected useful life of the asset. Donations received are credited direct to the Income and Expenditure Account.

(e) Depreciation

Depreciation is provided at rates calculated to write off the cost, less residual value, of each asset over its expected useful life as follows:-

Vessels	10%	straight line per annum
Catering Equipment	33 1/3%	straight line per annum

Utensils are treated on a replacement basis.

2. TANGIBLE FIXED ASSETS

Cost

As at 1st November 1995

£
496,442

Additions during year

-

As at 31st October 1996

496,442

Depreciation

As at 1st November 1995

397,826

Provided during year

21,879

As at 31st October 1996

419,705

Net Book Value

As at 31st October 1996

76,737

As at 31st October 1995

98,616

3./

3. INVESTMENT IN SUBSIDIARY

	1996	1995
Shares at Cost	<u>£100</u>	<u>£100</u>

Waverley Steam Navigation Co. Ltd. owns 100% of the ordinary £1 shares issued in the share capital of Waverley Excursions Limited, a company incorporated in Scotland.

The subsidiary company's share capital, reserves and results as at 31st October 1996 were as follows:-

Share Capital	Profit and Loss Account	Loss for Year after taxation
<u>£100</u>	<u>£503</u>	<u>£(21,139)</u>

4. SHARE CAPITAL

	1996	1995
Authorised		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted, Called Up and Fully Paid		
39 Ordinary Shares of £1 each	<u>39</u>	<u>39</u>