

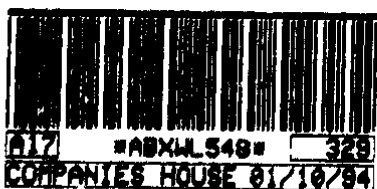
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THE MANCHESTER SHIP CANAL COMPANY

REPORT AND ACCOUNTS

FOR THE 15 MONTHS ENDED 31 MARCH 1994



THE MANCHESTER SHIP CANAL COMPANY

DIRECTORS, PROFESSIONAL ADVISERS AND PRINCIPAL OFFICE

Directors: Robert E. Hough (Chairman)
John Whittaker
Peter A. Scott
Paul P. Wainscott
James B. Chilton
Cllr. Graham E. Stringer
Martin G. Hill

Secretary: Paul P. Wainscott

Principal Office: Quay West
Trafford Wharf Road
Manchester M17 1HH.

Registered Number: ZC197

Auditors: R A Rushton FCA and K P Simmons FCA

Bankers: The Royal Bank of Scotland plc

Property Valuers: Dunlop Heywood & Co. Limited

**Registrars and
Transfer Office:** Barclays Bank PLC
Registration and New Issues
PO Box No. 34
Octagon House
Gadbrook Park
Northwich
Cheshire CW9 7RD.

Solicitors: Grundy Kershaw, Manchester

THE MANCHESTER SHIP CANAL COMPANY

REPORT OF THE DIRECTORS

for the 15 months ended 31st March 1994

The directors submit their report together with the audited financial statements of the group for the 15 months ended 31st March 1994.

Principal Activities

The principal activities of the group are property investment, property development and trading and the operation of a major regional port. In addition, the group undertakes the management of its land and property interests.

Acquisition of Remaining Minorities by Peel Holdings p.l.c.

On 7th October 1993, Peel Holdings p.l.c. acquired the remaining minority shareholders' interests in the company, which it did not already hold through its subsidiary undertaking Greatney Investments Limited, by means of a Scheme of Arrangement pursuant to Section 425 of the Companies Act 1985.

The property functions of the group have since been fully integrated with those of Peel Holdings p.l.c. which will result in significant cost savings and consistency of approach within the enlarged group.

As a consequence of the acquisition, the company and its subsidiary undertakings have changed their Accounting Reference Dates to 31st March to be coterminus with that of Peel Holdings p.l.c., the intermediate holding company, which has an Accounting Reference Period of 1st April to 31st March. These financial statements thus comprise the 15 months from 1st January 1993 to 31st March 1994.

Review of Business, Developments and Prospects

The level of port business activity has remained satisfactory during the period and the directors anticipate that the present level of activity within the port business will be maintained for the foreseeable future. However, as shown in note 26, a major reorganisation has been undertaken with regard to the property investment business. In addition, as shown in note 12, the shareholding in listed investments was transferred on 7th February 1994 to a fellow subsidiary of the Peel Holdings p.l.c. group of companies.

Results and Dividends

The group's results and financial position are set out in the profit and loss account on page 6, the balance sheets on page 7 and the notes relating thereto.

A preference dividend of 4.375p per share was proposed on 31st March 1994. A dividend of £1.50 per ordinary share was paid on 31st March 1994.

Fixed Assets

Information on movements in investment properties, other fixed assets and investments is given in notes 10 to 12. As detailed in notes 10 and 11, group properties have been professionally revalued upwards by £15,791,000.

Post Balance Sheet Events

Details of significant post balance sheet events are shown in note 26.

THE MANCHESTER SHIP CANAL COMPANY

REPORT OF THE DIRECTORS

for the 15 months ended 31st March 1994

Directors

The directors who held office during the period were:

Directors	Appointed	Resigned
R.E. Hough	-	-
J. Whittaker	-	-
P.A. Scott	19th November 1993	-
P.P. Wainscott	19th November 1993	-
J.B. Chilton	-	-
Cllr G.E. Stringer	-	-
M.G. Hill	-	-
Sir Peter.E. Lazarus	-	16th November 1993

Directors' Interests in Shares

The interests of the Directors and their families in the preference shares of the holding company are as listed below. All of the shareholdings at 31st March 1994 are as nominee for Greathey Investments Limited, a fellow subsidiary undertaking of the Peel Holdings p.l.c. group of companies.

	31st March 1994	31st December 1992 (or date of appointment)
R.E. Hough	# 501	500
J. Whittaker	# 500	500
P.A. Scott	# 501	501
P.P. Wainscott	# 501	501
J.B. Chilton	501	500
Cllr. G.E. Stringer	-	-
M.G. Hill	# 501	500

The above directors are also directors of the intermediate holding company, Peel Holdings p.l.c., in whose accounts their beneficial interests in shares of that company, companies within the Peel Holdings p.l.c. group and the ultimate holding company, Tokenhouse Holdings Limited, are disclosed.

The other directors had no interests in the share capital of any group company.

No director had an interest in the ordinary share capital of the company save for R.E. Hough and Cllr. G.E. Stringer who have a non-beneficial interest in 211,598 Ordinary shares held as trustees for the company pursuant to Section 13 of the Manchester Ship Canal Act 1920 and held by virtue of a deed of transfer dated 19th January 1988.

On 25th March 1994, Tokenhouse Holdings Limited, a company registered in Guernsey, acquired the entire share capital of Tokenhouse Investments Limited, the previous ultimate holding company.

THE MANCHESTER SHIP CANAL COMPANY

REPORT OF THE DIRECTORS

for the 15 months ended 31st March 1994

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing these 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Directors' Liability Insurance

The company provides liability insurance for its directors and officers.

Employee Involvement and Health and Safety at Work

Meetings involving elected representations from departmental sections and management continue to be held. These meetings constitute a two-way flow of information at which company policy is disseminated and the suggestions of employees for policy changes are received.

The policy of the group is to ensure, in so far as it is able to do so, the health, safety and welfare of everyone engaged in or affected by its activities.

Employment of Disabled Persons

It is the policy of the group to give full and fair consideration to applications for employment received from disabled persons. Within the limitations of their abilities, they are given the same opportunities for training, career development and promotion as are available to other group employees, and if necessary, retraining is given to an employee who becomes disabled whilst in the group's employment.

Charitable and political donations

The group made charitable donations of £17,431 in the period. No political donations were made.

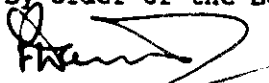
THE MANCHESTER SHIP CANAL COMPANY

REPORT OF THE DIRECTORS
for the 15 months ended 31st March 1994

Auditors

Mr K.P. Simmons FCA, one of the auditors of the company, retires by rotation and offers himself for re-election.

By Order of the Board



P.P. Wainwright
Secretary

14th July 1994

THE MANCHESTER SHIP CANAL COMPANY

GROUP PROFIT AND LOSS ACCOUNT
for the 15 months ended 31st March 1994

		Restated
	15 mths to 31 Mar 1994 £'000	12 mths to 31 Dec 1992 £'000
	Note	
Turnover	2	34,863 33,057
Operating profit	2	13,917 8,672
Profit on disposals of fixed assets	3	24,999 3,007
Profit on ordinary activities before interest and taxation	4	38,916 11,679
Net interest payable	5	(2,324) (1,170)
Profit on ordinary activities before taxation		36,592 10,509
Tax on profit on ordinary activities	6	(1,704) (2,050)
Profit on ordinary activities after taxation		34,888 8,459
Dividends on preference shares	7	(175) (140)
Profit for the financial period attributable to ordinary shareholders		34,713 8,319
Dividends on ordinary shares	7	(5,683) (170)
Retained profit for the financial period transferred to reserves	22	29,030 8,149

The statement of accounting policies and the notes on pages 10 to 31 form an integral part of these financial statements. The reasons for the restatement of comparatives are given in note 1.

THE MANCHESTER SHIP CANAL COMPANY

BALANCE SHEETS
as at 31st March 1994

	Note	Group		Holding Company	
		31 Mar 1994 £'000	Restated 31 Dec 1992 £'000	31 Mar 1994 £'000	Restated 31 Dec 1992 £'000
Fixed assets					
Tangible assets					
Investment properties	10	122,806	107,947	28,561	11,633
Other fixed assets	11	41,962	38,127	31,139	27,480
Investments	12	885	13,168	885	13,168
		<u>165,653</u>	<u>159,242</u>	<u>60,585</u>	<u>52,281</u>
Current assets					
Stocks	13	8,279	7,512	-	-
Debtors due within one year	14	90,235	4,509	99,699	14,320
Cash and short term investments		3,811	7,273	2,264	3,486
Assets due after more than one year	15	983	411	983	411
		<u>103,308</u>	<u>19,705</u>	<u>102,946</u>	<u>18,217</u>
Creditors (amounts falling due within one year)	16	(28,125)	(14,655)	(22,600)	(7,537)
Net current assets		<u>75,183</u>	<u>5,050</u>	<u>80,346</u>	<u>10,680</u>
Total assets less current liabilities		<u>240,836</u>	<u>164,292</u>	<u>140,931</u>	<u>62,961</u>
Creditors (amounts falling due after more than one year)	17	(41,567)	(7,210)	(41,567)	(3,210)
Provisions for liabilities and charges	19	-	(1,575)	-	(1,575)
Accruals and deferred income	20	(1,350)	(2,409)	(1,350)	(2,409)
Net assets		<u>197,919</u>	<u>153,098</u>	<u>98,014</u>	<u>55,767</u>
Financed by					
Capital and reserves					
Called up share capital	21	8,000	8,000	8,000	8,000
Revaluation reserve	22	90,944	76,536	37,526	19,315
Capital reserve		3,846	3,846	3,278	3,278
Profit and loss account	22	95,129	64,716	49,210	25,174
		<u>197,919</u>	<u>153,098</u>	<u>98,014</u>	<u>55,767</u>

Approved by the board of directors on 14th July 1994.

R.E. Hough

Director

The statement of accounting policies and the notes on pages 10 to 31 form an integral part of these financial statements. The reasons for the restatement of comparatives are given in note 1.

THE MANCHESTER SHIP CANAL COMPANY

STATEMENT OF TOTAL RECOGNISED GROUP GAINS AND LOSSES
for the 15 months ended 31st March 1994

		15 mths to 31 Mar 1994 £'000	Restated 12 mths to 31 Dec 1992 £'000
Profit on ordinary activities after taxation		34,888	8,459
Other recognised gains and losses			
Unrealised surplus/(deficit) on revaluation of:			
- investment properties	22	14,791	(124)
- other fixed assets	22	1,000	7,320
- investment in associated undertakings		-	658
Taxation - transfer from capital reserve		-	(200)
		<u>15,791</u>	<u>7,654</u>
Total recognised net gains and losses for the financial period		<u>50,679</u>	<u>16,113</u>

NOTE OF GROUP HISTORICAL COST PROFITS
for the 15 months ended 31st March 1994

		15 mths to 31 Mar 1994 £'000	Restated 12 mths to 31 Dec 1992 £'000
Reported profit on ordinary activities before taxation		36,592	10,509
Realisation of property revaluation gains of previous years	22	515	1,408
Excess of actual depreciation over historical cost depreciation		401	215
Historical cost profit on ordinary activities before taxation		<u>37,508</u>	<u>12,132</u>
Historical cost retained profit for the financial period		<u>29,946</u>	<u>9,772</u>

The statement of accounting policies and the notes on pages 10 to 31 form an integral part of these financial statements.

THE MANCHESTER SHIP CANAL COMPANY

**RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS
for the 15 months ended 31st March 1994**

		15 mths to 31 Mar 1994 £'000	Restated 12 mths to 31 Dec 1992 £'000
Profit on ordinary activities after taxation		34,888	8,459
Dividends		(5,858)	(310)
Other recognised net gains relating to the period	7	15,791	7,654
Net increase in shareholders' funds		44,821	15,803
Shareholders' funds at 1st January 1993		153,098	137,295
Shareholders' funds at 31st March 1994		197,919	153,098

The statement of accounting policies and the notes on pages 10 to 31 form an integral part of these financial statements.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS

for the 15 months ended 31st March 1994

1. Accounting Policies

Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investment properties and other fixed assets

The financial statements have been prepared in accordance with applicable accounting standards, and in accordance with Section 42 of the Harbours Act 1964.

Compliance with Accounting Standards

Comparative figures for the year to 31st December 1992 have been re-stated to comply with Financial Reporting Standard No. 3 - 'Reporting Financial Performance' (FRS3). However, there is no overall change to the retained profit or net assets as previously reported for 1992.

The principal changes in presentation are:

- items which were previously reported as exceptional as prescribed by Statement of Standard Accounting Practice No. 6 have been reclassified and reported within profit on ordinary activities,
- the format of the profit and loss account has been amended to disclose separately from operating profit the profits on disposals of fixed assets,
- a statement of total recognised gains and losses, notes of historical cost profits and losses and a reconciliation of movements in shareholders' funds are now included, and
- as a consequence of the above, certain notes to the accounts have been amended in order to ensure consistency with those of the intermediate holding company, Peel Holdings p.l.c..

Group Financial Statements

The Company and subsidiary undertakings have changed their Accounting Reference Dates to 31st March to be coterminous with that of Peel Holdings p.l.c., the intermediate holding company, which has an Accounting Reference Period of 1st April to 31st March. These financial statements thus comprise the 15 months from 1st January 1993 to 31st March 1994.

The group accounts consolidate the financial statements of the holding company and its subsidiary undertakings up to 31st March annually. Results of subsidiary undertakings acquired or disposed of during the period are included to the extent of group ownership.

The group profit and loss account incorporates the group's share of the results of associated undertakings. In the consolidated balance sheet, the fixed asset investment in associated undertakings represents the group's share of net assets of those undertakings.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

1. Accounting Policies (continued)

The separable net assets of subsidiary and associated undertakings acquired are included in the group financial statements at their fair value to the group at the date of acquisition (which may be reassessed, if necessary and appropriate, in the group financial statements for the year immediately subsequent to the acquisition), including provisions for acquisition costs and other provisions and liabilities taken into consideration in assessing the fair value of the business acquired.

Intra-group turnover and, where material, profits (including the group's share of profits or losses arising on transactions with associated undertakings) are eliminated on consolidation.

As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account for the holding company is not presented.

Cash Flow Statement

The financial statements do not include a cash flow statement as the holding company, the Manchester Ship Canal Company, is a wholly owned subsidiary undertaking of the Peel Holdings p.l.c. group of companies. Peel Holdings p.l.c. is a company incorporated and registered in England which produces group financial statements in accordance with the Companies Act 1985, which include a consolidated group cash flow statement.

Reserve Arising on Consolidation

The reserve arising on consolidation, being the difference between the aggregate fair value of consideration given to acquire investments in subsidiary and associated undertakings over the fair value of the separable net assets acquired, is added to or deducted from reserves in the year in which it arises.

Investment Properties

Investment properties are included in the balance sheet at their open market value and, in accordance with Statement of Standard Accounting Practice No. 19, are not depreciated or amortised except where subject to depletion. This departure from the requirements of the Companies Act 1985 is necessary for the financial statements to give a true and fair view in accordance with applicable accounting standards. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Properties in the course of development or practically completed but not substantially let, are included in the balance sheet at cost subject to provisions if the directors consider it prudent having regard to the prevailing market conditions. Cost includes interest and directly attributable overheads whilst the property is in the course of development.

Any surplus or deficit arising from revaluation is transferred to the unrealised revaluation reserve. Realised revaluation surpluses representing the difference between historical cost and the asset's carrying value are reclassified by way of a transfer to profit and loss account reserve in the year in which the property disposal occurs.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

1. Accounting Policies (continued)

Investments Properties (continued)

Reclassifications between investment properties, other fixed assets and stocks are made at the lower of net book value and net realisable value.

Interest

Interest attributable to property trading and development activities and investment properties in the course of development is included in the cost thereof provided the directors consider it prudent having regard to the prevailing market conditions. Interest is capitalised on a simple interest basis without allowing for any tax relief thereon.

Depreciation

Depreciation is provided for on operational properties included in tangible fixed assets at rates varying between 1% and 4% per annum.

Plant and vehicles are depreciated by equal annual instalments over their expected useful economic lives at rates varying between 15% and 25% per annum.

Port and canal assets include freehold and long leasehold land which is not depreciated except for dredging deposit ground bunds which are written off according to annual usage. The remaining port and canal assets are depreciated by equal annual instalments over their expected useful economic lives at rates varying between 1% and 50% per annum.

Fixed Asset Investments in Subsidiary Undertakings

Fixed asset investments in subsidiary undertakings are stated at cost less amounts provided for permanent diminutions in value. Cost represents the aggregate cash consideration, costs incurred and either the fair value or the nominal value of shares issued.

Stocks

Stocks are stated at the lower of cost, including attributable overheads, to the group or estimated net realisable value. Land for development and properties acquired are accounted for with effect from the date of legal completion of the contract to purchase.

Reclassifications between stocks, investment properties and other fixed assets are made at the lower of net book value and net realisable value.

Deferred Taxation

Provision is made for deferred taxation only to the extent that, in the opinion of the directors, a liability is expected to arise in the foreseeable future. Advance corporation tax which is not expected to be relieved against taxation liabilities arising within 12 months of the balance sheet date or which cannot be offset against the deferred tax provision is charged to the profit and loss account.

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

1. Accounting Policies (continued)

Turnover

Port and canal turnover comprises amounts invoiced in respect of services provided during the period.

Property investment turnover comprises property rental income, including rental premiums, and is accounted for on an accruals basis.

Property trading and development turnover comprises property disposals (which are accounted for on a legal completion basis) together with rental income, including rental premiums, and development fees.

Turnover excludes sales related taxes.

Dredging

In order to spread the charge for dredging by external contractors against profits on a more even basis from year to year provision is made for the cost of dredging on the River Mersey which is of a substantial and long term cyclical nature. All other expenditure on dredging is charged in the year in which it is incurred.

Pension Costs

The cost of the holding company's defined benefit scheme is determined by independent actuaries, and when such costs arise, are charged to the profit and loss account so as to spread the cost of providing pensions over the employees' working lives with the company. The contribution rates are determined by independent actuaries and all monies are invested and managed independently from the group's assets.

All pension costs have been accounted for in accordance with Statement of Standard Accounting Practice No. 24.

Leased Assets

Assets acquired under finance leases are capitalised at a value equivalent to the cost incurred by the lessor and depreciated over their expected useful economic lives. Finance charges thereon are charged to the profit and loss account in the period in which they accrue. The capital element of the future lease payments is reflected within creditors.

Expenditure on operating leases is charged directly to the profit and loss account.

Government Grants

Government grants received in respect of capital expenditure are credited to a deferred income account and released to the profit and loss account over the useful economic life of the assets to which they relate.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

2 Segmental Analysis of Turnover, Operating Profit and Net Assets

(a) Turnover and Operating Profit

	15 months to 31 March 1994				Restated 12 months to 31 December 1992			
	Port & Canal	Property Investment	Property Trading	GROUP	Port & Canal	Property Investment	Property Trading	GROUP
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
TURNOVER:								
Port and Canal	21,733	-	-	21,733	20,917	-	-	20,900
Property rental income	-	4,469	-	4,469	-	4,440	167	4,607
Trading property sales	-	-	1,214	1,214	-	-	6,750	6,750
Leasing income	-	1,447	-	1,447	-	300	-	300
	<u>21,733</u>	<u>4,916</u>	<u>1,214</u>	<u>14,863</u>	<u>20,917</u>	<u>5,140</u>	<u>6,917</u>	<u>33,057</u>
DIRECT COSTS:								
Port and Canal	(17,497)	-	-	(17,497)	(13,551)	-	-	(13,550)
Ground rents payable	(396)	(213)	-	(609)	(29)	(147)	-	(440)
Recoverable property costs	-	(703)	-	(703)	-	(202)	-	(202)
Trading property costs	-	-	(607)	(607)	-	-	(6,848)	(6,848)
	<u>(17,893)</u>	<u>(916)</u>	<u>(607)</u>	<u>(19,416)</u>	<u>(13,879)</u>	<u>(349)</u>	<u>(6,848)</u>	<u>(21,042)</u>
GROSS PROFIT	<u>5,340</u>	<u>3,000</u>	<u>607</u>	<u>15,447</u>	<u>7,038</u>	<u>4,891</u>	<u>69</u>	<u>12,015</u>
OTHER COSTS								
Administration expenses	(1,150)	1,955	(3)	3,108	1,177	(1,720)	(18)	2,815
Voluntary severance payments	(1,367)	(85)	-	(1,952)	(1,440)	-	-	(1,641)
	<u>(2,517)</u>	<u>2,940</u>	<u>(3)</u>	<u>3,060</u>	<u>(2,713)</u>	<u>(1,720)</u>	<u>(18)</u>	<u>4,456</u>
TRADING PROFIT	<u>2,823</u>	<u>6,960</u>	<u>604</u>	<u>10,387</u>	<u>4,325</u>	<u>3,171</u>	<u>51</u>	<u>7,559</u>
Other operating income:								
Income from listed investments			600					530
Reassessment of dredging provision made in prior periods (note 19)			1,575					-
Other income, including waste and minerals			1,355					583
OPERATING PROFIT:			<u>13,917</u>					<u>8,672</u>

During the year certain fixed assets were reclassified from port and canal other fixed assets to fixed asset investment properties. Had this reclassification occurred in respect of the year ended 31st December 1992, port and canal turnover and trading profit in that year would have decreased by £2,269,000 and property investment turnover and trading profit would have increased by £2,269,000 there being no overall increase or decrease in group turnover and trading profit.

Port and canal income as above includes the following:

Pilotage (including exemption certificates £15,000, 1992 - £14,000)	1,186	909
Railways	807	603

(b) Net Assets

	15 months to 31 March 1994				Restated 12 months to 31 December 1992			
	Port & Canal	Property Investment	Property Trading	GROUP	Port & Canal	Property Investment	Property Trading	GROUP
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment properties	-	122,806	-	122,806	-	107,947	-	107,947
Trading properties	-	-	8,279	8,279	-	-	7,512	7,512
Other fixed assets	30,878	14	-	30,892	27,231	-	-	27,230
	<u>30,878</u>	<u>122,820</u>	<u>8,279</u>	<u>161,977</u>	<u>27,231</u>	<u>107,947</u>	<u>7,512</u>	<u>142,689</u>
Fixed asset investments				885				13,168
Operational properties				11,070				10,897
Centrally-managed net assets/(liabilities)				68,009				(8,570)
Group net borrowings (note 18)				(44,022)				(5,086)
NET ASSETS				<u>137,919</u>				<u>133,009</u>

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

3. Profit on Disposals of Fixed Assets

	15 mths to 31 Mar 1994 £'000	Restated 12 mths to 31 Dec 1992 £'000
Investment properties	917	485
Other fixed assets	35	2,522
Listed Investments	24,047	-
	<u>24,999</u>	<u>3,007</u>

4. Profit on Ordinary Activities before Interest and Taxation

	15 mths to 31 Mar 1994 £'000	Restated 12 mths to 31 Dec 1992 £'000
Profit on ordinary activities before interest and taxation is stated after charging/(crediting):		
Auditors' remuneration	38	38
Directors' emoluments (note 9)	173	138
Depreciation - owned assets	2,137	1,615
Depreciation - leased assets	108	114
Hire of plant and machinery under operating leases	255	177
Government grant releases (note 20)	(38)	(85)
	<u> </u>	<u> </u>

Amounts paid to the auditors for non-audit work amounted to £15,000 (1992: £Nil).

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

5. Net Interest Payable

	15 mths to 31 Mar 1994 £'000	Restated 12 mths to 31 Dec 1992 £'000
Interest payable and similar charges:		
On bank loans and overdrafts repayable within 5 years	1,556	1,524
On other loans not repayable by instalments due after more than 5 years	101	81
On other loans repayable by instalments due after more than 5 years	1,124	-
Finance lease and other interest	134	117
	<u>2,915</u>	<u>1,722</u>
Interest receivable and similar income	(591)	(552)
	<u>2,324</u>	<u>1,170</u>

6. Tax on Profit on Ordinary Activities

	15 mths to 31 Mar 1994 £'000	12 mths to 31 Dec 1992 £'000
Corporation tax at 33% (1992: 33%) on the profit for the financial year adjusted for corporation tax purposes	2,299	2,018
Corporation tax recoverable in respect of the previous year	(715)	(100)
Tax credit on United Kingdom dividends received	120	132
	<u>1,704</u>	<u>2,050</u>

The profit on disposal of listed investments (as shown in Note 3) is not taxable as the sale was to a fellow subsidiary undertaking of Peel Holdings p.l.c.. In addition, as in previous years, the availability of Enterprise Zone Allowances has resulted in a reduction of the tax charge.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

7. Dividends

	15 mths to 31 Mar 1994 £'000	12 mths to 31 Dec 1992 £'000
Preference 4.375p per share (1992: 3.5p per share)	175	140
Ordinary 150p per share (1992: 4.5p per share)	5,683	170
Total dividends	<u>5,858</u>	<u>310</u>

The preference dividend has been accrued for the 15 month period to 31st March 1994 at the annual rate of 3.5p per share.

8. Particulars of Staff

	15 mths to 31 Mar 1994 £'000	Restated 12 mths to 31 Dec 1992 £'000
Staff costs (including directors):		
Wages and salaries	6,857	6,898
Social security costs	591	532
Voluntary severance payments	1,952	1,641
	<u>9,400</u>	<u>9,071</u>

The average number of persons employed by the group during the period, inclusive of executive directors, was analysed as follows:

	Number	Restated Number
Administration	118	133
Port operational and maintenance staff	178	228
	<u>296</u>	<u>361</u>

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

9. Directors' Emoluments

	15 mths to 31 Mar 1994 £'000	12 mths to 31 Dec 1992 £'000
Fees	22	20
Emoluments for executive services	131	118
Compensation for loss of office	20	-
	<u>173</u>	<u>138</u>
Chairman	42	37
Highest paid director	76	53
	<u> </u>	<u> </u>
	Number	Number
The emoluments of all directors fall within the following bandings:		
£0 - £5,000	3	1
£5,001 - £10,000	-	2
£10,001 - £15,000	-	-
£25,000 - £30,000	-	-
£30,001 - £35,000	-	1
£35,001 - £40,000	-	1
£45,001 - £50,000	-	-
£50,001 - £55,000	-	1
£75,001 - £80,000	-	-
	<u> </u>	<u> </u>

Sir Peter E. Lazarus received compensation for loss of office of £20,000 upon his resignation on 16th November 1993.

No pension contributions were made by the company on behalf of the Directors.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 18 months ended 31st March 1994

10 **Investment Properties**

	Group			Holding Company		
	Freehold £'000	Long Leasehold £'000	TOTAL £'000	Freehold £'000	Long Leasehold £'000	TOTAL £'000
Cost or Valuation:						
At 1st January 1993	107,816	456	108,272	11,397	456	11,853
Additions	3,004	-	3,004	3	-	3
Reclassified to other fixed assets	(830)	-	(830)	(88)	-	(488)
Other reclassifications	208	(208)	-	208	(208)	-
Disposals	(1,705)	-	(1,705)	(27)	-	(27)
Revaluations	14,065	-	14,065	17,220	-	17,220
At 31st March 1994	<u>122,558</u>	<u>248</u>	<u>122,806</u>	<u>28,313</u>	<u>248</u>	<u>28,561</u>
Depreciation:						
At 1st January 1993	325	-	325	220	-	220
Charge for the period	401	-	401	137	-	137
Revaluations	(726)	-	(726)	(357)	-	(357)
At 31st March 1994	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value:						
At 31st March 1994	<u>122,558</u>	<u>248</u>	<u>122,806</u>	<u>28,313</u>	<u>248</u>	<u>28,561</u>
At 31st December 1992	<u>107,491</u>	<u>456</u>	<u>107,947</u>	<u>11,177</u>	<u>456</u>	<u>11,633</u>
Cost or Valuation comprises:						
Professional Valuation:						
March 1994	86,058	248	86,306	28,305	248	28,553
November 1990	15,000	-	15,000	-	-	-
	<u>101,058</u>	<u>248</u>	<u>101,306</u>	<u>28,305</u>	<u>248</u>	<u>28,553</u>
Directors' Valuation:						
March 1994	20,786	-	20,786	-	-	-
Cost	<u>714</u>	<u>-</u>	<u>714</u>	<u>8</u>	<u>-</u>	<u>8</u>
	<u>122,558</u>	<u>248</u>	<u>122,806</u>	<u>28,313</u>	<u>248</u>	<u>28,561</u>

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

10. Investment Properties (continued)

	At 31 Mar 1994 £'000	At 31 Dec 1992 £'000
Historical Cost of investment properties		
Group	46,980	45,722
Company	5,664	6,524

Valuations

Professional valuations were carried out by Dunlop Heywood & Co. Limited, Consultants Surveyors, for selected investment properties of the group and holding company on the basis of open market value at 31st March 1994.

The directors have reviewed previous directors valuations and, having consulted the group's own professionally qualified staff, have made a £2m provision for a temporary diminution in value.

In addition, the directors have considered investment properties included at their previous independent professional valuations (undertaken on the basis of open market value) or carried at cost. In the opinion of the directors, having consulted the group's own professionally qualified staff, the current open market value of such investment properties is not materially different from their valuation or cost incorporated in the accounts.

All capital work in progress at 31st December 1992 has been reclassified within freehold investment properties.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

11. Other Fixed Assets

	Group				Holding Company			
	Freehold Operational land and buildings £'000	Port and canal £'000	Plant and vehicles £'000	Total £'000	Freehold Operational land and buildings £'000	Port and canal £'000	Plant and Vehicles £'000	Total £'000
Cost or valuation								
At 1st January 1993	11,182	60,957	-	72,139	250	60,957	-	61,207
Additions	113	4,036	-	4,149	-	4,036	-	4,036
Reclassified from investment properties	342	484	-	826	-	484	-	484
Other reclassification	10	(72)	62	-	10	(72)	62	-
Disposals	-	(462)	(14)	(476)	-	(462)	(14)	(476)
Revaluations	-	1,000	-	1,000	-	1,000	-	1,000
At 31st March 1994	11,647	65,943	48	77,638	260	65,943	48	66,251
Depreciation								
At 1st January 1993	285	33,727	-	34,012	-	33,727	-	33,727
Charge for the period	284	1,558	2	1,844	5	1,558	2	1,565
Reclassified from/to investment properties	-	(50)	46	(4)	-	(50)	46	(4)
Other reclassifications	8	(8)	-	-	8	(8)	-	-
Disposals	-	(162)	(14)	(176)	-	(162)	(14)	(176)
At 31st March 1994	577	35,065	34	35,676	13	35,065	34	35,112
Net Book Value								
At 31st March 1994	11,070	30,878	14	41,962	247	30,878	14	31,139
At 31st December 1992	10,897	27,230	-	38,127	250	27,230	-	27,480

Cost or Valuation

Professional valuation								
March 1994	-	3,500	-	3,500	-	3,500	-	3,500
March 1992	-	8,408	-	8,408	-	8,408	-	8,408
November 1990	260	6,030	-	6,290	260	6,030	-	6,290
	260	17,938	-	18,198	260	17,938	-	18,198
Cost	11,387	48,005	48	59,440	-	48,005	48	48,053
	11,647	65,943	48	77,638	260	65,943	48	66,251

At 31st March 1994 port and canal assets include freehold and long leasehold land and buildings as analysed below:

	Group and Holding Company		
	Freehold £'000	Long Leasehold £'000	TOTAL £'000
Cost	17,108	418	17,526
Depreciation	(311)	(24)	(335)
Net book value	16,797	394	17,191

At 31st March 1994 port and canal assets include freehold and long leasehold land which is not subject to depreciation at £13,544,000 (1992: £13,442,000) and £81,000 (1992: £81,000) respectively.

Assets held under finance leases

The net book value at 31st March 1994 of port and canal assets acquired under finance leases amounted to £1.14m (1992: £1.248m) and depreciation provided thereon during the year totalled £0.1m (1992: £0.1m).

Valuations

Professional valuations were carried out on selected port and canal assets and operational land and buildings at 31st March 1994 by Dunlop Heywood & Co. Ltd. This, and the previous valuations at March 1992 and November 1990 were on the basis of open market value.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

11 Other Fixed Assets (continued)

Historical Cost of other fixed assets

	At 31 Mar 94 £'000	At 31 Dec 92 £'000
Group	62,652	58,153
Holding Company	51,265	47,221

The net book value of tangible fixed assets as at 31st December 1992 has been reclassified as follows to provide a more consistent and clearer presentation:

	<u>Group</u> £'000	<u>Holding Company</u> £'000
As previously reported:		
Operational land and buildings	27,974	17,327
Canal construction and port assets	2,328	2,328
Dredging deposit grounds & bunds	1,020	1,020
Craft, plant & machinery	5,056	5,056
Capital work in progress	1,749	1,749
	<u>38,127</u>	<u>27,480</u>
Per these accounts:		
Operational buildings	10,897	250
Port and canal assets	27,230	27,230
	<u>38,127</u>	<u>27,480</u>

12. Fixed Asset Investments

	Associated undertakings £'000	Listed investments £'000	Shares held in trust £'000	Total £'000
Group and holding company				
At 1st January 1993	673	12,283	212	13,168
Additions	-	8,065	-	8,065
Disposals	-	(20,348)	-	(20,348)
At 31st March 1994	<u>673</u>	<u>-</u>	<u>212</u>	<u>885</u>

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

12. Fixed Asset Investments (continued)

Shares in Subsidiary and Associated Undertakings

Details of investments of the holding company in its principal subsidiary and associated undertakings are given in note 28, on page 31. Investments in subsidiary undertakings are included in the holding company balance sheet at cost of £60. Group and holding company investment in associated undertakings represents the group's and holding company's share of net assets.

The results of Mode Wheel Properties Limited, the associated undertaking, have not been consolidated as they are immaterial.

Listed Investments

Listed investments comprised the group's and holding company's investment in The Mersey Docks and Harbour Company, a company operating and registered in England. The entire shareholding was sold at market value to Greathey Investments Limited, a fellow subsidiary undertaking of the Peel Holdings p.l.c. group of companies on 7th February 1994.

Shares held in trust

211,598 Ordinary shares of the holding company are vested in trustees and do not rank for dividends.

13. Stocks

	Group	
	At 31 Mar 1994 £'000	At 31 Dec 1992 £'000
Land held for development	7,354	7,354
Work in progress and materials	925	158
	8,279	7,512
	8,279	7,512

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

14. Debtors due within one year

	<u>Group</u>		<u>Holding Company</u>	
	31 Mar 1994 £'000	<u>Restated</u> 31 Dec 1992 £'000	31 Mar 1994 £'000	<u>Restated</u> 31 Dec 1992 £'000
Trade debtors	3,559	3,840	3,045	2,582
Amounts owed by subsidiary undertakings	-	-	44,396	11,157
Amounts owed by fellow subsidiary undertakings	93,580	9	49,467	9
Other debtors	272	362	333	312
Advance corporation tax recoverable	1,490	-	1,490	-
Income tax recoverable	68	-	36	-
Other prepayments and accrued income	1,266	298	932	260
	<u>90,235</u>	<u>4,509</u>	<u>99,699</u>	<u>14,320</u>

The analysis of other debtors at 31st December 1992 has been restated as a consequence of the reallocation of amounts due after more than one year (note 15).

15. Assets due after more than one year

	<u>Group and Holding Company</u>	
	31 Mar 1994 £'000	<u>Restated</u> 31 Dec 1992 £'000
Prepayments	950	-
Other debtors	33	411
	<u>983</u>	<u>411</u>

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

16. Creditors (amounts falling due within one year)

	Group		Holding Company	
	31 Mar 1994 £'000	31 Dec 1992 £'000	31 Mar 1994 £'000	31 Dec 1992 £'000
Bank loans and overdrafts	5,267	5,004	64	-
Amortising Bonds 2014	887	-	887	-
Obligations under finance leases	112	145	112	145
Trade creditors	949	3,387	793	987
Anticipated development costs to site completion	508	-	-	-
Amounts owed to subsidiary undertakings	-	-	12,144	1,824
Amounts owed to fellow subsidiary undertakings	11,555	14	603	-
Corporation tax	2,557	2,500	2,414	1,789
Advance corporation tax	1,490	-	1,490	-
Income tax	4	-	4	-
Other taxes and social security	159	333	159	253
Grant repayable (note 20)	1,220	-	1,220	-
Other creditors	1,243	1,896	560	1,843
Accruals and deferred income	1,999	1,066	1,975	386
Proposed dividends	175	310	175	310
	<u>28,125</u>	<u>14,655</u>	<u>22,600</u>	<u>7,537</u>

Details of security on the above borrowings are set out in note 18.

17. Creditors (amounts falling due after more than one year)

	Group		Holding Company	
	31 Mar 1994 £'000	Restated 31 Dec 1992 £'000	31 Mar 1994 £'000	Restated 31 Dec 1992 £'000
Perpetual Debenture Stock	2,233	2,233	2,233	2,233
Bank loans	2,000	4,000	2,000	-
Amortising Bonds 2014	36,513	-	36,513	-
Finance lease obligations	821	977	821	977
	<u>41,567</u>	<u>7,210</u>	<u>41,567</u>	<u>3,210</u>

Details of security on the above borrowings are set out in note 18.

The group and holding company are committed to the following minimum annual future payments under non-cancellable operating leases on plant and machinery as follows:

	Group and Holding Company	
	31 Mar 1994 £'000	31 Dec 1992 £'000
Expiring within:		
1 year	125	17
1-2 years	66	23
2-5 years	5	84
	<u>196</u>	<u>124</u>

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

18. Borrowings

	<u>GROUP</u>	
	<u>31 Mar</u>	<u>Restated</u>
	1994	31 Dec
	£'000	1992
		£'000
Creditors (amounts falling due within one year)	6,266	5,149
Creditors (amounts falling due after more than one year)	41,567	7,210
Gross borrowings	<u>47,833</u>	<u>12,359</u>
Cash at bank and in hand	(3,811)	7,273
Group net borrowings	<u>44,022</u>	<u>5,086</u>

Repayments of gross borrowings fall due as follows:

Within 1 year	6,266	5,149
1 - 2 years	1,081	4,118
2 - 5 years	5,851	505
	<u>13,198</u>	<u>9,772</u>
After five years by instalments:		
Amortising Bonds 2014	32,117	-
Finance leases	285	354
After five years not by instalments:		
Perpetual Debenture Stock	2,233	2,233
	<u>47,833</u>	<u>12,359</u>

The Perpetual Debenture Stocks bear interest at between 3.5% and 4.5% and are secured by floating charges on various assets of the company.

The bank loans are secured by a charge on certain properties and listed investments. These loans were repaid after the period end as detailed in note 26.

The Amortising Bonds 2014 are secured by a first fixed legal charge on the income generated by certain leases and investment properties of the holding company and subsidiary undertakings and bear interest at a rate of 8.59%.

Finance lease obligations are secured on the assets to which they relate (note 11).

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

19. Provisions for Liabilities and Charges

	<u>Group and Holding Company</u> £'000
Dredging	
At 1st January 1993	1,575
Transfer to Profit and loss account	(1,575)
	<hr/>
At 31st March 1994	-
	<hr/>
Contingent Taxation	

No provision is made for the group liability to corporation tax on capital gains at 33% (1992: 33%) estimated not to exceed £18m (1992: £14m) which would arise if investment properties and certain other fixed assets were to be sold at their revalued amounts. Equivalent holding company figures are £8m (1992: £4m).

20. Accruals and Deferred Income

	<u>Group and Holding Company</u> £'000
Government Grants	
At 1st January 1993	2,409
Grants received	199
Transfer to profit and loss account	(38)
Transfer to creditors (note 16)	(1,220)
	<hr/>
At 31st March 1994	1,350
	<hr/>

The balance above represents the unamortised portion of port modernisation grants, EEC regional development grants and grants received towards the capital cost of port infrastructure from Trafford Park Development Corporation. As detailed in note 26, a repayment was made to Trafford Park Development Corporation on 30 June 1994.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

21. Called up Share Capital

Authorised Number		At 31 Mar 1994 £'000	At 31 Dec 1992 £'000
Authorised under the Manchester Ship Canal Acts and Orders			
4,000,000	Preference shares of £1 each	4,000	4,000
4,000,000	Ordinary shares of £1 each	4,000	4,000
<u>8,000,000</u>		<u>8,000</u>	<u>8,000</u>
Allotted and Fully Paid Number			
3,999,980	Preference shares of £1 each	4,000	4,000
3,788,402	Ordinary shares of £1 each ranking for dividend	3,788	3,788
211,598	Ordinary shares of £1 each vested in trustees and not ranking for dividend	212	212
<u>7,999,980</u>		<u>8,000</u>	<u>8,000</u>

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

22. Reserves

	Group		Holding Company	
	Revaluation reserve £'000	Profit and loss reserve £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1st January 1993	76,536	64,716	19,315	25,174
Realised surplus on disposals of fixed asset investment properties	(515)	515	(9)	9
Unrealised surplus on revaluation of:				
• Investment Properties	14,791	-	17,577	-
• Other fixed assets	1,000	-	1,000	-
Transfer of depreciation on revaluation:				
• Current year	(726)	726	(357)	357
• Prior year	(142)	142	-	-
Retained profit for the period	-	29,030	-	23,670
At 31st March 1994	90,944	95,129	37,526	49,210

Group and holding company revaluation reserves include an £14.986m (1992: £13.986m) in respect of assets other than investment properties. The profit dealt with in the holding company amounts to £29.528m (1992: £5.788m).

23. Pension Funds

The holding company operates a pension scheme providing defined benefits based on final pensionable pay. The assets of the scheme are held separately from those of the holding company. The cost of the scheme has been assessed by a qualified actuary using the projected unit method. The most recent actuarial valuation was at 31st March 1993. 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 the rates of increase in pay and pensions. The actuarial valuation assumed that new investments would yield 9.5% per annum, that pay increases would average 7.5% per annum, dividends would increase at the rate of 5% per annum and that present and future pensions would increase at the rate of 5% per annum.

The actuarial valuation showed that the market value of the scheme's assets was £73.5m and that the actuarial value of those assets represented 149% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The actuary advised that no further contributions from the company would be necessary during the expected average remaining service lives of employees, effective from the valuation date.

The pension cost for the period is £nil (1992: £nil).

24. Capital Commitments

	At 31 Mar 1994 £'000	At 31 Dec 1992 £'000
Group capital expenditure commitments were as follows:		
Contracted for but not provided for in these accounts	998	1,380
Sanctioned by the directors but not contracted for	7,850	-

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

25. Contingent Liabilities

At 31st March 1994, the holding company had guaranteed bank overdrafts and loans of certain subsidiary undertakings amounting in aggregate to £Nil (1992: £4m).

26. Post Balance Sheet Events

(a) Refinancing of intermediate holding company

On 10th June 1994, the secured bank loans referred to in note 18 were repaid as part of the refinancing of the intermediate holding company, Peel Holdings p.l.c.. As part of the above, certain properties totalling approximately £58m were transferred out of the group to fellow subsidiary undertakings of the Peel Holdings p.l.c. group of companies. In addition, the entire share capital of Ship Canal Enterprises Limited, a wholly owned subsidiary undertaking was transferred to Peel Holdings p.l.c.

As part of the refinancing, the holding company along with fellow subsidiary undertakings of the Peel Holdings p.l.c. group of companies, jointly and severally guaranteed unsecured bank loans of Peel Holdings p.l.c. amounting to £110m.

(b) Repayment of grants

On 30th June 1994, the holding company repaid capital investment grants of £1m plus accrued interest to Trafford Park Development Corporation. Grants totalling £2m were received in advance in 1990 for financial assistance to modernise the upper reaches of the canal. The holding company could not justify on commercial grounds the several million pounds of capital expenditure necessary to qualify for the full grant. The conditions pertaining to the balance of the grant have been complied with.

(c) Trafford Centre

On 3th July 1994, the Court of Appeal upheld an appeal by a consortium of eight Greater Manchester local authorities who were trying to stop the planning permission for the 1M sq.ft. Trafford Centre shopping and leisure complex development by the group.

The Secretary of State for the Environment had previously granted planning permission for the scheme on 4th March 1993 and the eight local authorities first appealed to the High Court and this appeal was dismissed in October 1993. The latest judgement reverses that High Court decision of October 1993 not to quash the Secretary of State's planning permission for the development.

The decision by the Court of Appeal was made principally on the grounds that the reasoning by the Secretary of State in his decision letter of 4th March 1993 was inadequate in certain areas.

However, leave was granted to appeal to the House of Lords and this will be pursued.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the 15 months ended 31st March 1994

27. Ultimate Holding Company

The ultimate holding company is Tokenhouse Holdings Limited, incorporated in Guernsey.

The largest group of undertakings, of which the group is a member, that produces consolidated accounts is Peel Holdings p.l.c., a company registered in England. Its group accounts are available from the Company Secretary, Peel Holdings p.l.c. at Quay West, Trafford Wharf Road, Manchester M17 1HH.

28. Subsidiary and Associated Undertakings

Subsidiary Undertakings

The principal trading subsidiary undertakings consolidated as at 31st March 1994, all of which were wholly-owned and related to ordinary shares unless otherwise stated, were:

Incorporated, registered and operating in:	Company	Principal activities
United Kingdom	Ship Canal Land Limited	Property investment
	Ship Canal Investments Limited	Property investment
	Ship Canal Enterprises Limited	Property trading
	Manchester Ship Canal Developments Limited*	Property development

* 51 Ordinary 'A' shares owned by the Manchester Ship Canal Company (51% owned)

A full list of subsidiary undertakings will accompany the next Annual Return to be filed with the Registrar of Companies.

Associated Undertaking

The associated undertaking as at 31st March 1994 was:

Incorporated, registered and operating in:	Company	Group shareholding	Identity and nominal value of class of shareholding	Principal activity
United Kingdom	Mode Wheel Properties Limited	25.1%	25 'A' shares of 10p	Property development

THE MANCHESTER SHIP CANAL COMPANY

AUDITORS' REPORT

to the members of the Manchester Ship Canal Company

We have audited the financial statements on pages 6 to 31 which have been prepared on the basis of the accounting policies set out on pages 10 to 13.

Respective responsibilities of directors and auditors

As described in the Report of the Directors on page 4 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 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 group's and company's affairs as at 31st March 1994 and of the group's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985 and Section 42 of the Harbours Act 1964.

R A Rushton FCA
K P Simmons FCA
Registered Auditors
Colwyn Chambers
19 York Street
Manchester
M2 3BA

R A Rushton
K P Simmons

14 July 1994



**NOTICE OF ILLEGIBLE DOCUMENT
ON THE MICROFICHE RECORD**

Companies House regrets that the microfiche record for this company contain some documents which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologies for any inconvenience this may cause.



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