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THE MANCHESTER SHIP CANAL COMPANY

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2002**



THE MANCHESTER SHIP CANAL COMPANY

DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE

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

Secretary: Paul P. Wainscott

Registered Office: Peel Dome
The Trafford Centre
Manchester M17 8PL

Registered Number: ZC197

Auditors: P. J. Loftus ACA and A. J. Farnworth ACA

Bankers: The Royal Bank of Scotland

Property Valuers: King Sturge

**Registrars and
Transfer Office:** Capita IRG
Registration and New Issues
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Solicitors: Mace & Jones, Manchester

THE MANCHESTER SHIP CANAL COMPANY

REPORT OF THE DIRECTORS

for the year ended 31st March 2002

The directors submit their report together with the audited financial statements of the group for the year ended 31st March 2002.

Principal Activities

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

Review of Business, Developments and Prospects

The level of port business activity has remained satisfactory during the year and the directors anticipate that the present level of activity within the port business will be maintained for the foreseeable future.

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.

An ordinary dividend of £2.35 share was declared on 31st March 2002 (2001: £1.32).

A preference dividend of 3.5p per share was declared on 31st March 2002 (2001: 3.5p) .

Fixed Assets

The carrying value of other fixed assets is not significantly different from their market value at 31st March 2002.

Directors

The directors who held office during the year were:

R.E. Hough
J. Whittaker
P.A. Scott
P.P. Wainscott
J.B. Chilton
M.G. Hill
Cllr. R. Leese

The Manchester Ship Canal Company is primarily governed by its Acts and Orders 1885 to 1992. These statutes do not differentiate between executive and non-executive directors.

Under the Companies Acts Councillor R. Leese and Mr M.G. Hill would be regarded as being non-executive directors. Councillor Leese, aged 51, has been leader of Manchester City Council since 1996. Mr Hill, aged 58, is a management consultant and was managing director of the Company from 1987 to 1991.

THE MANCHESTER SHIP CANAL COMPANY

REPORT OF THE DIRECTORS (continued)

for the year ended 31st March 2002

Director's Interests in Shares and Financial Instruments

The interests of the directors and their families in the preference shares of the company are listed below. All of the shareholdings at 31st March 2002 are as nominees for Peel Holdings p.l.c.

		31st March 2002 Number	31st March 2001 Number
R.E. Hough	#	501	501
J. Whittaker	#	500	500
P.A. Scott	#	501	501
P.P. Wainscott	#	501	501
J.B. Chilton		501	501
M.G. Hill	#	501	501
Cllr. R. Leese		500	500

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

Mr J.B. Chilton and Cllr R. Leese had no interests in the share capital or financial instruments of any group company.

No director had an interest in the ordinary share capital of the company save for Mr J. Whittaker and Mr R.E. Hough who at 31st March 2002 had 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 15th July 1997.

No contract of significance subsisted during or at the end of the year in which any director had a material interest.

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 the group and of the profit or loss of the group for that period. 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;
- 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 group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985 and the Company's own Acts and Orders and in particular Section 42 of the Harbours Act 1964. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE MANCHESTER SHIP CANAL COMPANY

REPORT OF THE DIRECTORS (continued) for the year ended 31st March 2002

Going Concern

After making enquiries and examining major areas which could give rise to significant financial exposure, the directors are satisfied that no material or significant exposures exist and that the company has adequate resources to continue its operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Payment Policy

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment. At the year end, trade creditors represented 19 days (2001: 18 days) purchases.

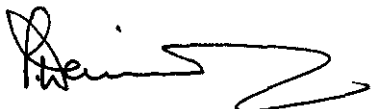
Charitable and Political Donations

The company made no charitable or political donations during the year.

Auditors

Mr A.J. Farnworth A.C.A. one of the auditors of the company, retires by rotation and offers himself for re-election.

By Order of the Board



P.P. Wainscott
Secretary

28th June 2002

THE MANCHESTER SHIP CANAL COMPANY

INDEPENDENT AUDITORS' REPORT

To the shareholders of the Manchester Ship Canal Company

We have audited the financial statements of the Manchester Ship Canal Company for the year ended 31st March 2002 which comprise the Group Profit and Loss Account, Balance Sheets, Statement of Total Recognised Group Gains and Losses, Note of Group Historical Cost Profits and Reconciliation of Movements in Group Shareholders' Funds and the Related Notes numbered 1 to 28. These financial statements have been prepared under the accounting policies set out herein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors responsibilities. Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company and group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and group is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the company and group, 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 and the group at 31st March 2002 and of the group's results for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and Section 42 of the Harbours Act 1964.

P.J. Loftus A.C.A.
A.J. Farnworth A.C.A.
Bank House
9 Charlotte Street
Manchester
M1 4EU

P.J. Loftus
A.J. Farnworth

28th June 2002

THE MANCHESTER SHIP CANAL COMPANY

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31st March 2002

	Note	2002 £'000	2001 Restated £'000
Turnover	2	27,836	27,629
Operating profit	2	10,122	10,655
Profit on disposal of fixed assets	3	3,845	830
Profit on ordinary activities before interest and taxation	4	13,967	11,485
Net interest payable	5	(1,626)	(1,724)
Profit on ordinary activities before taxation		12,341	9,761
Tax on profit on ordinary activities	6	(2,856)	(4,320)
Profit on ordinary activities after taxation		9,485	5,441
Equity minority interests	23	(104)	(42)
Profit for the financial year		9,381	5,399
Dividends on non-equity share capital	7	(140)	(140)
Profit for the financial year attributable to ordinary shareholders		9,241	5,259
Dividends on equity share capital	7	(8,900)	(5,000)
Retained profit for the financial year	22	341	259

All the above results derive from continuing activities and there were no acquisitions in the year.

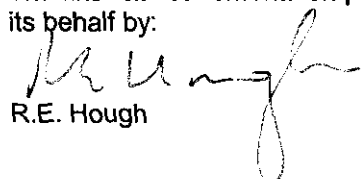
The statement of accounting policies and the notes on pages 9 to 28 form an integral part of these financial statements.

THE MANCHESTER SHIP CANAL COMPANY

BALANCE SHEETS
as at 31st March 2002

		Group		Holding Company	
	Note	2002	2001	2002	2001
		£'000	Restated £'000	£'000	Restated £'000
Fixed assets					
Tangible assets					
Investment properties	10	56,575	58,143	56,575	58,143
Other fixed assets	11	34,794	35,025	34,794	35,025
Investments	12	212	212	212	212
		<u>91,581</u>	<u>93,380</u>	<u>91,581</u>	<u>93,380</u>
Current assets					
Stocks	13	180	381	-	-
Debtors due within one year	14	218,712	221,148	169,013	172,348
Cash at bank and in hand		5,679	7,372	2,666	3,647
Assets due after more than one year	15	19	20	19	20
		<u>224,590</u>	<u>228,921</u>	<u>171,698</u>	<u>176,015</u>
Creditors (amounts falling due within one year)	16	<u>(92,786)</u>	<u>(96,746)</u>	<u>(123,577)</u>	<u>(127,316)</u>
Net current assets		<u>131,804</u>	<u>132,175</u>	<u>48,121</u>	<u>48,699</u>
Total assets less current liabilities		<u>223,385</u>	<u>225,555</u>	<u>139,702</u>	<u>142,079</u>
Creditors (amounts falling due after more than one year)					
	17	(29,836)	(31,736)	(29,836)	(31,736)
Provision for liabilities and charges	19	(1,954)	(2,463)	(1,954)	(2,463)
Accruals and deferred income	20	(920)	(992)	(920)	(992)
		<u>190,675</u>	<u>190,364</u>	<u>106,992</u>	<u>106,888</u>
Net assets excluding pension asset		<u>190,675</u>	<u>190,364</u>	<u>106,992</u>	<u>106,888</u>
Pension asset	24	183	4,430	183	4,430
Net assets including pension asset		<u>190,858</u>	<u>194,794</u>	<u>107,175</u>	<u>111,318</u>
Financed by capital and reserves					
Called up share capital	21	8,000	8,000	8,000	8,000
Revaluation reserve	22	48,093	47,736	43,579	43,572
Capital reserve		3,846	3,846	3,278	3,278
Other reserve	22	67,151	67,551	2	2
Profit and loss account	22	61,825	65,822	52,316	56,466
		<u>188,915</u>	<u>192,955</u>	<u>107,175</u>	<u>111,318</u>
Shareholders' funds		<u>188,915</u>	<u>192,955</u>	<u>107,175</u>	<u>111,318</u>
Equity minority interests	23	1,943	1,839		
		<u>190,858</u>	<u>194,794</u>		
Analysis of shareholders' funds					
Equity		184,915	188,955	103,175	107,318
Non-equity		4,000	4,000	4,000	4,000
		<u>188,915</u>	<u>192,955</u>	<u>107,175</u>	<u>111,318</u>

The financial statements on pages 6 to 28 were approved by the board of directors on 28th June 2002 and signed on its behalf by:



R.E. Hough

Director

The statement of accounting policies and the notes on pages 9 to 28 form an integral part of these financial statements.

THE MANCHESTER SHIP CANAL COMPANY

STATEMENT OF TOTAL RECOGNISED GROUP GAINS AND LOSSES for the year ended 31st March 2002

	Note	2002 £'000	2001 Restated £'000
Profit for the financial year		9,381	5,399
Other recognised gains and losses			
Unrealised deficit on revaluation of investment properties		-	(4,804)
Actuarial loss relating to the pension fund	24 (d)	(4,381)	(2,625)
Total recognised net gains and losses for the financial year		<u>5,000</u>	<u>(2,030)</u>
Prior year adjustments	25	2,874	-
Total recognised net gains and losses since last annual report		<u><u>7,874</u></u>	<u><u>(2,030)</u></u>

NOTE OF GROUP HISTORICAL COST PROFITS for the year ended 31st March 2002

	2002 £'000	2001 Restated £'000
Reported profit on ordinary activities before taxation	12,341	9,761
Realisation of property revaluation gains of previous years	43	8,366
Historical cost profit on ordinary activities before taxation	<u>12,384</u>	<u>18,127</u>
Historical cost retained profit for the financial year	<u><u>384</u></u>	<u><u>8,625</u></u>

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS for the year ended 31st March 2002

	Note	2002 £'000	2001 Restated £'000
Profit for the financial year		9,381	5,399
Dividends	7	(9,040)	(5,140)
Other recognised net losses relating to the year		(4,381)	(7,429)
Net decrease in shareholders' funds		<u>(4,040)</u>	<u>(7,170)</u>
Shareholders' funds at 1st April 2001/1st April 2000 as previously stated		<u>190,081</u>	<u>194,755</u>
Prior year adjustments	25	2,874	5,370
Shareholders' funds at 1st April 2001/1st April 2000 as restated		<u>192,955</u>	<u>200,125</u>
Shareholders' funds at 31st March 2002/31st March 2001		<u><u>188,915</u></u>	<u><u>192,955</u></u>

The statement of accounting policies and the notes on pages 9 to 28 form an integral part of these financial statements.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS

for the year ended 31st March 2002

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 certain 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.

Change in Accounting Policies

FRS 17 "Retirement Benefits" and FRS 19 "Deferred Tax" have been adopted for the first time in these accounts. This has resulted in a change in accounting policy and a restatement of the prior year's results.

FRS 17 deals with the treatment of the Group's defined benefits pension scheme, and as required by the Standard, the surplus in the scheme has been recognised as an asset in the accounts.

FRS 19 deals with the treatment of deferred taxation, and as required by the Standard, full provision has been made for all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future.

The effect of the above restatement is set out in note 25.

Related Party Disclosures

The company has taken advantage of the exemption in paragraph 3 (c) of Financial Reporting Standard No. 8 "Related party disclosures" and has not disclosed details of transactions with fellow wholly-owned undertakings within the Peel Holdings p.l.c. group of companies.

Group Financial Statements

The group financial statements consolidate the financial statements of the holding company and its subsidiary undertakings up to 31st March in each year. Results of subsidiary undertakings acquired or disposed of during the year 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 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 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.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

1. Accounting Policies (continued)

Cash Flow Statement

The financial statements do not include a cash flow statement, as the holding company is a wholly-owned subsidiary undertaking of Peel Holdings p.l.c. 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

In the year ended 31st March 1998 and earlier periods the reserve arising on consolidation, being the difference between the aggregate fair value of consideration given to acquire investments in subsidiary and associated undertakings and the fair value of the separable net assets acquired, was added to or deducted from reserves in the year in which it arose in accordance with the accounting standards then in force. As permitted by the current accounting standard the reserve arising on consolidation previously added to reserves has not been reinstated in the balance sheet.

Investment Properties and Other Fixed Assets

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.

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 the profit and loss account reserve in the year in which the property disposal occurs.

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.

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 buildings 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 5% per annum.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

1. Accounting Policies (continued)

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

FRS 19 "Deferred Tax" requires that deferred tax is recognised in full in respect of transactions or events that have taken place by the balance sheet date and which could give the group an obligation to pay more or less tax in future. However, FRS 19 requires that deferred tax is not recognised on revaluation gains and losses where these are not taken to the profit and loss account. The group's accounting policy had been to account for deferred tax to the extent that liabilities or assets were expected to be payable or receivable in the foreseeable future. In accordance with FRS 19, the group has now changed its policy to make full provision for timing differences which, in the group's case, arise primarily from capital allowances and enterprise zone allowances. Following the sale of a property any deferred tax provisions not required will be released to the profit and loss account.

Turnover

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

Pension Costs

The cost of the holding company's money purchase pension arrangements are charged to the profit and loss account on the basis of contributions payable in respect of the accounting period.

The holding company also operates a defined benefit scheme, which requires contributions to be made to a separately administered fund. This has been accounted for under the full requirements of FRS 17 "Retirement Benefits".

Under FRS 17, the defined benefit scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses.

The holding company recognises an asset in respect of any surplus, being the excess of the value of the assets in the scheme over the present value of the scheme's liabilities, only to the extent that it is able to recover the surplus, either through reduced contributions in the future or from refunds from the scheme.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

1. Accounting Policies (continued)

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 year ended 31st March 2002

2. Segmental Analysis of Turnover, Operating Profit and Net Assets

(a) Turnover and Operating Profit

	2002				2001 Restated			
	Port and Canal £'000	Property Investment £'000	Property Trading £'000	Group £'000	Port and Canal £'000	Property Investment £'000	Property Trading £'000	Group £'000
Turnover								
Port and canal income	19,890	-	-	19,890	19,283	-	-	19,283
Gross rental income	-	7,460	17	7,477	-	7,739	22	7,761
Trading property sales	-	-	390	390	-	-	300	300
Premium income	-	1	-	1	-	89	-	89
Waste and minerals income	-	78	-	78	-	196	-	196
	<u>19,890</u>	<u>7,539</u>	<u>407</u>	<u>27,836</u>	<u>19,283</u>	<u>8,024</u>	<u>322</u>	<u>27,629</u>
Direct costs								
Port and canal direct costs	(14,745)	-	-	(14,745)	(15,000)	-	-	(15,000)
Ground rents payable	(478)	(266)	-	(744)	(414)	(212)	-	(626)
Irrecoverable property costs	-	(213)	-	(213)	-	(211)	(16)	(227)
Stock write down	-	-	-	-	-	-	(138)	(138)
Trading property costs	-	-	(256)	(256)	-	-	(245)	(245)
	<u>(15,223)</u>	<u>(479)</u>	<u>(256)</u>	<u>(15,958)</u>	<u>(15,414)</u>	<u>(423)</u>	<u>(399)</u>	<u>(16,236)</u>
Gross profit/(loss)	<u>4,667</u>	<u>7,060</u>	<u>151</u>	<u>11,878</u>	<u>3,869</u>	<u>7,601</u>	<u>(77)</u>	<u>11,393</u>
Other costs								
Administration expenses	(911)	9	(10)	(912)	(928)	(236)	-	(1,164)
Trading profit/(loss)	<u>3,756</u>	<u>7,069</u>	<u>141</u>	<u>10,966</u>	<u>2,941</u>	<u>7,365</u>	<u>(77)</u>	<u>10,229</u>
Other income				169				277
Other administrative income/(charges):								
Pension surplus				-				1,195
Pension scheme current service costs (note 24)				(1,013)				(1,046)
				<u>(1,013)</u>				<u>149</u>
Operating profit				<u>10,122</u>				<u>10,655</u>

All of the group's turnover arose in the United Kingdom

Port and Canal income includes:
Pilotage (including exemption certificates of £6,000 (2001:£4,000))
Railways

	2002 £'000	2001 £'000
Pilotage	1,459	1,394
Railways	397	394

Port and canal expenditure includes:
Pilotage

	2002 £'000	2001 £'000
Pilotage	1,459	1,394

Waste and minerals income, which was previously included in other income, has been reclassified as turnover for the year ended 31st March 2002. The previous year's figures have also been restated in order to give a more meaningful comparison.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

2. Segmental Analysis of Turnover, Operating Profit and Net Assets (continued)

(b) Net Assets

	2002				2001 Restated			
	Port and Canal £'000	Property Investment £'000	Property Trading £'000	Group £'000	Port and Canal £'000	Property Investment £'000	Property Trading £'000	Group £'000
Investment properties	-	56,575	-	56,575	-	58,143	-	58,143
Trading properties	-	-	180	180	-	-	381	381
Other fixed assets	34,688	-	-	34,688	34,915	-	-	34,915
	<u>34,688</u>	<u>56,575</u>	<u>180</u>	<u>91,443</u>	<u>34,915</u>	<u>58,143</u>	<u>381</u>	<u>93,439</u>
Fixed asset investments				212				212
Operational properties				106				110
Centrally managed net assets				125,621				127,571
Group net borrowings (note 18)				(26,524)				(26,538)
Net assets				<u>190,858</u>				<u>194,794</u>

3. Profit on Disposal of Fixed Assets

	2002 £'000	2001 £'000
Investment properties	3,785	807
Other fixed assets	60	23
	<u>3,845</u>	<u>830</u>

4. Profit on Ordinary Activities before Interest and Taxation

	2002 £'000	2001 £'000
Profit on ordinary activities before interest and taxation is stated after charging /(crediting):		
Auditors' remuneration	32	32
Directors' emoluments (note 9)	144	137
Depreciation - owned assets	1,307	1,248
Depreciation - leased assets	191	280
Hire of plant and machinery under operating leases	67	79
Grant releases (note 20)	(72)	(74)

Fees paid to auditors in the financial year ended 31st March 2002 for non-audit services amounted to £11,000 (2001: £11,000)

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

5. Net Interest Payable

	2002 £'000	2001 Restated £'000
Interest payable and similar charges:		
On loans	2,573	2,676
Finance lease and other interest	196	262
	<u>2,769</u>	<u>2,938</u>
Interest receivable and similar income	(358)	(404)
Other finance income:		
Expected return on pension scheme assets	(2,502)	(2,570)
Interest on pension scheme liabilities	1,717	1,760
	<u>(785)</u>	<u>(810)</u>
Net interest payable and similar charges	<u>1,626</u>	<u>1,724</u>

6. Tax on Profit on Ordinary Activities

	2002 £'000	2001 Restated £'000
Current tax:		
Group relief	3,914	3,931
Group relief in respect of previous years	-	236
UK corporation tax	(48)	514
Advance corporation tax recovered	(598)	-
Total current tax	<u>3,268</u>	<u>4,681</u>
Deferred tax:		
Origination and reversal of timing differences (note 19)	(470)	(290)
Movement in FRS 17 pension surplus deferred taxation (note 24)	58	(71)
Total deferred tax	<u>(412)</u>	<u>(361)</u>
Total tax on profit on ordinary activities	<u>2,856</u>	<u>4,320</u>

	2002 £'000	2001 Restated £'000
Reconciliation of current tax charge:		
Profit on ordinary activities before taxation at 30%	3,703	2,928
Depreciation in excess of capital allowances	470	290
Movement in FRS 17 pension surplus deferred taxation	(58)	71
Net disallowable expenditure	(110)	914
Advance corporation tax recovered	(598)	-
Tax on pension surplus	(139)	478
	<u>3,268</u>	<u>4,681</u>

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

7. Dividends on Non-equity and Equity Share Capital

	2002 £'000	2001 £'000
Non-equity Share Capital:		
Proposed preference dividend of 3.5p per share (2001: 3.5p per share)	140	140
Equity Share Capital:		
Proposed ordinary dividend of 235p per share (2001: 132p per share)	8,900	5,000
Total dividends	<u>9,040</u>	<u>5,140</u>

8. Particulars of Staff

	2002 £'000	2001 Restated £'000
Staff costs (including directors):		
Wages and salaries	3,944	3,830
Social security costs	290	294
Pension fund service cost (note 24 (c))	1,013	1,046
Other pension costs	(69)	-
	<u>5,178</u>	<u>5,170</u>

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

	Number	Number
Administration	68	66
Port operational and maintenance staff	104	103
	<u>172</u>	<u>169</u>

9. Directors' Emoluments

The emoluments of directors of the company were as follows:

	2002 £'000	2001 £'000
Fees	-	-
Emoluments for executive office	144	137
	<u>144</u>	<u>137</u>

The emoluments of the highest paid director were £87,000 (2001:£83,000) and are included within the above table. 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 year ended 31st March 2002

10. Investment properties

Group and Holding Company		
Freehold	Long leasehold	Total
£'000	£'000	£'000
58,683	(540)	58,143
1,413	-	1,413
(981)	-	(981)
(2,000)	-	(2,000)
<u>57,115</u>	<u>(540)</u>	<u>56,575</u>
56,373	(540)	55,833
742	-	742
<u>57,115</u>	<u>(540)</u>	<u>56,575</u>

	2002 £'000	2001 £'000
Historical cost of investment properties		
Group	26,602	28,527
Company	30,766	32,691

Valuations

Professional valuations were carried out by King Sturge and Scott Doherty Associates on the basis of open market value on all investment properties as at 31st March 2001.

The directors have considered the previous independent professional valuation undertaken on the basis of open market value.

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 incorporated in the financial statements.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

11. Other Fixed Assets

Group and Holding Company				
	Freehold operational land and buildings £'000	Port and Canal £'000	Plant and vehicles £'000	Total £'000
Cost or valuation:				
At 1st April 2001	120	76,812	48	76,980
Additions	-	1,267	-	1,267
At 31st March 2002	120	78,079	48	78,247
Depreciation:				
At 1st April 2001	10	41,897	48	41,955
Charge for the year	5	1,493	-	1,498
At 31st March 2002	15	43,390	48	43,453
Net Book Value:				
At 31st March 2002	105	34,689	-	34,794
At 31st March 2001	110	34,915	-	35,025
Cost or Valuation comprises:				
Professional valuation:				
March 1995	-	15,614	-	15,614
March 1994	-	1,600	-	1,600
November 1990	120	3,079	-	3,199
	120	20,293	-	20,413
Cost	-	57,786	48	57,834
	120	78,079	48	78,247

At 31st March 2002 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	25,639	418	26,057
Depreciation	(3,237)	(84)	(3,321)
Net Book Value	22,402	334	22,736

At 31st March 2002 port and canal assets include freehold and long leasehold land which is not subject to depreciation in the amount of £15,613,000 (2001:£15,613,000) and £81,000 (2001:£81,000) respectively.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

11. Other Fixed Assets (continued)

Valuations

Professional valuations were carried out at 31st December 1990 by Richard Ellis, Chartered Surveyors, at 31st March 1994 by Dunlop Heywood & Co. Limited, Chartered Surveyors and at 31st March 1995 by Knight Frank, Chartered Surveyors, on the basis of open market value, in respect of certain port and canal assets.

Assets Held Under Finance Leases

The net book value at 31st March 2002 of port and canal assets acquired under finance leases amounted to £3,141,000 (2001: £3,332,000) and depreciation provided thereon during the year totalled £191,000 (2001: £280,000).

Historical Cost of Other Fixed Assets

	2002	2001
	£'000	£'000
Group and Holding Company	59,948	58,681

12. Fixed Asset Investments

Shares Held in Trust

Cost:

At 1st April 2001 and 31st March 2002

Group and
Holding
Company
£'000

212

211,598 ordinary shares in the capital of the company are vested in trust and do not rank for dividends.

13. Stocks

	Group	
	2002	2001
	£'000	£'000
Work in progress and materials	180	381

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

14. Debtors due within one year

	Group		Holding Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Trade debtors	3,019	3,486	3,019	3,374
Amounts owed by group undertakings	213,435	213,859	165,341	165,192
Advance corporation tax recoverable	598	-	-	-
Development deposits and prepaid costs	1,000	-	-	-
Other debtors	83	3,213	83	3,202
Prepayments and accrued income	577	590	570	580
	<u>218,712</u>	<u>221,148</u>	<u>169,013</u>	<u>172,348</u>

15. Assets due after more than one year

	Group and Holding Company	
	2002	2001
	£'000	£'000
Other debtors	<u>19</u>	<u>20</u>

16. Creditors (amounts falling due within one year)

	Group		Holding Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	229	253	229	230
Amortising Bonds 2014	1,738	1,597	1,738	1,597
Finance leases	400	324	400	324
Debt due within one year	<u>2,367</u>	<u>2,174</u>	<u>2,367</u>	<u>2,151</u>
Trade creditors	756	777	756	777
Anticipated development costs to site completion	702	184	660	-
Amounts owed to group undertakings	78,021	86,665	108,884	117,520
Income tax	-	486	-	486
Other taxes and social security	105	114	105	114
Other creditors	716	261	686	193
Accruals and deferred income	1,079	945	1,079	935
Proposed dividends	9,040	5,140	9,040	5,140
	<u>92,786</u>	<u>96,746</u>	<u>123,577</u>	<u>127,316</u>

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

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

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

	Group and Holding Company	
	2002	2001
	£'000	£'000
Perpetual Debenture Stocks	2,233	2,233
Amortising Bonds 2014	25,776	27,526
Finance leases	1,827	1,977
	<u>29,836</u>	<u>31,736</u>

18. Borrowings

	Group	
	2002	2001
	£'000	£'000
(a) Analysis of Borrowings:		
Creditors (amounts falling due within one year)	2,367	2,174
Creditors (amounts falling due after more than one year)	29,836	31,736
Gross borrowings	<u>32,203</u>	<u>33,910</u>
Cash at bank and in hand	(5,679)	(7,372)
Group net borrowings	<u>26,524</u>	<u>26,538</u>

(b) Repayments of gross borrowings fall due as follows:

Finance leases:

Within 1 year	400	324
1 - 2 years	391	342
2 - 5 years	851	948
	<u>1,642</u>	<u>1,614</u>
After five years by instalments	585	687
	<u>2,227</u>	<u>2,301</u>

Other borrowings:

Within 1 year	1,967	1,850
1 - 2 years	1,891	1,738
2 - 5 years	6,726	6,183
	<u>10,584</u>	<u>9,771</u>
After five years by instalments - Amortising Bonds 2014	17,159	19,605
After five years not by instalments - Perpetual Debenture stocks	2,233	2,233
	<u>29,976</u>	<u>31,609</u>
Total gross borrowings	<u>32,203</u>	<u>33,910</u>

The Perpetual Debenture Stocks bear interest at rates between 3.5% and 4% and are secured by floating charges on various assets of the holding company.

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 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 year ended 31st March 2002

18. Borrowings (continued)

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	
	2002 £'000	2001 £'000
Expiring within:		
1 year	2	10
1 - 2 years	-	3
2 - 5 years	-	-
	<u>2</u>	<u>13</u>

19. Provisions for Liabilities and Charges

	Group and Holding Company
	£'000
Deferred Taxation	
At 1st April 2001	907
Prior year adjustment	1,556
At 1st April 2001 as restated	<u>2,463</u>
Transfer to group undertaking	(39)
Profit and loss account (note 6)	<u>(470)</u>
At 31st March 2002	<u>1,954</u>

Provision is made for deferred taxation at a rate of 30% (2001: 30%), the amount provided being:

	Group and Holding Company	
	2002 £'000	2001 Restated £'000
Other timing differences	15	70
Enterprise Zone allowance	1,283	1,283
Accelerated capital allowances	656	1,110
	<u>1,954</u>	<u>2,463</u>

No provision is made for the liability to corporation tax on capital gains at 30% (2001:30%) estimated not to exceed £6m (2001:£7m) which would arise if investment properties and certain other fixed assets were to be sold at their revalued amounts. Equivalent holding company figures are £6m (2001:£7m).

The prior year adjustment is in respect of the implementation of FRS 19 "Deferred Tax" (see notes 1 and 25)

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

20. Accruals and Deferred income

	Group and Holding Company
	£'000
Grants	
At 1st April 2001	992
Released to profit and loss account	(72)
At 31st March 2002	920

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.

21. Called up Share Capital

		Group and Holding Company	
		2002	2001
		£'000	£'000
Authorised Number	Authorised under the Manchester Ship Canal Acts and Orders		
	Equity share capital		
4,000,000	Ordinary shares of £1 each	4,000	4,000
	Non-equity share capital		
4,000,000	3.5% (net) Preference 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	Equity share capital		
3,788,402	Ordinary shares of £1 each ranking for dividend	3,788	3,788
	Ordinary shares of £1 each vested in trustees and not ranking for dividend		
211,598		212	212
<u>4,000,000</u>		<u>4,000</u>	<u>4,000</u>
	Non-equity share capital		
3,999,980	3.5% (net) Preference shares of £1 each	4,000	4,000
<u>7,999,980</u>		<u>8,000</u>	<u>8,000</u>

The holders of preference shares of £1 each are entitled to receive notice of any general meeting of the company and vote on resolutions proposed, carrying equal voting rights with ordinary shares.

Section 12 of the Manchester Ship Canal (Finance) Act 1904 states that in respect of the first £200,000 of profits (as that term is defined in Section 24 of the Manchester Ship Canal Act 1945), two thirds of this sum should be paid to preference shareholders and one third to ordinary shareholders.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

22. Reserves

	Other reserve £'000	Revaluation reserve £'000	Profit and loss account £'000
Group:			
At 1st April 2001:			
As previously reported	67,551	47,736	62,948
Prior year adjustments (note 25)	-	-	2,874
As restated	67,551	47,736	65,822
Retained profit for the financial year	-	-	341
Realised revaluation profit on disposal of fixed asset investment properties	(400)	357	43
Actuarial loss relating to the pension fund	-	-	(4,381)
At 31st March 2002	67,151	48,093	61,825

	Other reserve £'000	Revaluation reserve £'000	Profit and loss account £'000
Holding Company:			
At 1st April 2001:			
As previously reported	2	43,572	53,592
Prior year adjustments (note 25)	-	-	2,874
As restated	2	43,572	56,466
Retained profit for the financial year	-	-	238
Realised revaluation deficit on disposal of fixed asset investment properties	-	7	(7)
Actuarial loss relating to the pension fund	-	-	(4,381)
At 31st March 2002	2	43,579	52,316

The prior year adjustments relate to the implementation of FRS 17 "Retirement Benefits" and FRS 19 "Deferred Tax".

Group and holding company revaluation reserves include £18,299,000 (2001:£18,299,000) in respect of fixed assets other than investment properties.

The other reserves of the group and holding company are non-distributable and arise in respect of unrealised intra-group profits on disposals of fixed asset investment properties as a consequence of group re-organisations in prior years.

23. Equity minority Interests

	Group £'000
At 1st April 2001	1,839
Proportion of profit on ordinary activities after taxation	104
At 31st March 2002	1,943

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

24. Pension Commitments

The company operates a money purchase pension scheme providing benefits based on actual contributions paid.

The company also operates a defined benefits pension scheme based on final pensionable pay which was closed to new entrants with effect from 22nd January 2001. The assets of the scheme are held separately from those of the Group.

The net pension scheme asset has been recognised for the first time in these accounts following the full implementation of FRS 17 "Retirement Benefits" (see notes 1 and 25).

The latest actuarial valuation as at 1st April 2000 has been adjusted to reflect the positions at 31st March 2001 and 31st March 2002, by a qualified independent actuary (in accordance with FRS 17).

(a) Major actuarial assumptions

	31st March 2002	31st March 2001	31st March 2000
	% pa	% pa	% pa
Rate of increase in salaries	4.40	3.90	4.50
Rate of increase of pensions in payment	2.90	2.40	3.00
Rate of increase for deferred pensioners	2.90	2.40	3.00
Discount rate	5.90	5.99	6.29
Inflation	2.90	2.40	3.00

(b) Pension fund valuation and surplus

	Expected rate of return 31st March 2002 %	Fair value of Assets 31st March 2002 £'000	Expected rate of return 31st March 2001 %	Fair value of Assets 31st March 2001 £'000	Expected rate of return 31st March 2000 %	Fair value of Assets 31st March 2000 £'000
Equities	7.50	28,145	7.50	28,654	7.00	29,872
Bonds	5.75	4,827	5.75	4,828	5.75	6,089
Other investments	5.00	1,020	5.50	1,504	5.50	2,336
Total market value of assets		33,992		34,986		38,297
Present value of scheme liabilities		(33,731)		(28,658)		(27,983)
Surplus in the scheme		261		6,328		10,314
Irrecoverable surplus		-		-		-
Recognised surplus		261		6,328		10,314
Related deferred tax liability		(78)		(1,898)		(3,094)
Net pension asset		183		4,430		7,220

(c) Movements in gross surplus during the year

	2002 £'000	2001 £'000
Gross surplus in scheme at 1st April 2001/1st April 2000	6,328	10,314
Movement in year:		
Current service costs (note 2)	(1,013)	(1,046)
Other finance income (note 5)	785	810
Company contributions paid	420	-
Profit before tax impact for the year	192	(236)
Actual return less expected return on pension scheme assets	(3,416)	(5,667)
Experience gain arising on pension scheme liabilities	194	436
Changes in financial assumptions underlying pension scheme liabilities	(3,037)	1,481
Variance between pension fund actuarial assumptions and actual experience	(6,259)	(3,750)
Gross surplus in scheme at 31st March 2002/31st March 2001	261	6,328

Pension contributions of £420,000 were made during the year (2001: £nil)

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

24. Pension Commitments (continued)**(d) Actuarial loss recognised**

	2002	2001
	£'000	£'000
Variance between pension fund actuarial assumptions and actual experience	(6,259)	(3,750)
Deferred tax relating to above items	1,878	1,125
Net actuarial loss recognised in respect of the pension fund (net of deferred tax)	(4,381)	(2,625)

(e) History of experience gains and losses

	2002	2001
	£'000	£'000
Difference between expected and actual return on scheme assets:		
Amount	(3,416)	(5,667)
Percentage of scheme assets at 31st March 2002/31st March 2001	(10%)	(16%)
Experience gains on scheme liabilities:		
Amount	194	436
Percentage of scheme liabilities at 31st March 2002/31st March 2001	1%	2%
Total gross amount recognised in Statement of Total Recognised Gains and Losses:		
Amount	(6,259)	(3,750)
Percentage of scheme liabilities at 31st March 2002/31st March 2001	(19%)	(13%)

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

25. Prior Period Adjustments

The effect of adopting FRS 17 and FRS 19 on the current and comparative amounts are as follows:

	Year ended 31st March 2002				Year ended 31st March 2001			
	Without changes in accounting policies	Adoption of FRS 17	Adoption of FRS 19	As Reported	As Previously reported	Adoption of FRS 17	Adoption of FRS 19	As Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Profit and Loss Account								
Operating profit	10,715	(593)	-	10,122	11,701	(1,046)	-	10,655
Profit on ordinary activities before interest and taxation	14,560	(593)	-	13,967	12,531	(1,046)	-	11,485
Net interest payable and similar charges	(2,410)	785	-	(1,625)	(2,534)	810	-	(1,724)
Profit on ordinary activities before taxation	12,150	192	-	12,342	9,997	(236)	-	9,761
Tax on profit on ordinary activities	(3,908)	(58)	1,110	(2,856)	(4,685)	71	294	(4,320)
Profit on ordinary activities after taxation	8,242	134	1,110	9,486	5,312	(165)	294	5,441
Retained profit for the financial year	(902)	134	1,110	342	130	(165)	294	259
Statement of total recognised gains and losses								
Profit for the financial year	8,137	134	1,110	9,381	5,270	(165)	294	5,399
Actuarial loss relating to the pension fund	-	(4,381)	-	(4,381)	-	(2,625)	-	(2,625)
Total recognised net gains and losses for the financial year	8,137	(4,247)	1,110	5,000	466	(2,790)	294	(2,030)
Prior year adjustment	-	4,430	(1,556)	2,874	-	-	-	-
Total recognised gains and losses since last report	8,137	183	(446)	7,874	466	(2,790)	294	(2,030)
Balance Sheet								
Provisions for liabilities and charges	(1,508)	-	(446)	(1,954)	(907)	-	(1,556)	(2,463)
Net assets excluding pension asset	191,121	-	(446)	190,675	191,920	-	(1,556)	190,364
Pension asset	-	183	-	183	-	4,430	-	4,430
Profit and loss account	62,088	183	(446)	61,825	62,948	4,430	(1,556)	65,822
Shareholders' funds	189,178	183	(446)	188,915	190,081	4,430	(1,556)	192,955

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 2002

26. Capital Commitments

	2002 £'000	2001 £'000
Group capital expenditure commitments were as follows:		
Contracted for but not provided for in these accounts	<u>3,238</u>	<u>1,201</u>

27. Contingent Liabilities

At 31st March 2002, the Company had guaranteed bank overdrafts and loans of the intermediate holding company Peel Holdings p.l.c. amounting in aggregate to £145,000,000 (2001: £120,000,000).

28. Ultimate Holding Company

The ultimate holding company is Tokenhouse Holdings Limited, a company 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 Peel Dome, The Trafford Centre, Manchester M17 8PL.

THE MANCHESTER SHIP CANAL COMPANY

SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Subsidiary Undertakings

The principal subsidiary undertakings consolidated as at 31st March 2002, all of which were wholly-owned unless otherwise stated, were as follows:

Incorporated, registered and operating in:	Company	Principal activities
United Kingdom	Manchester Ship Canal Developments Limited*	Property development
	Halton Development Partnership Limited**	Property development

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

** 70 Ordinary 'A' shares owned by the Manchester Ship Canal Company (70% owned).

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