

THE MANCHESTER SHIP CANAL COMPANY

REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 2000



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**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 plc

**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 2000

The directors submit their report together with the audited financial statements of the group for the year ended 31st March 2000.

### **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 £1.45 share was declared on 31st March 2000.

A preference dividend of 3.5p per share was declared on 31st March 2000.

### **Fixed Assets**

The carrying value of other fixed assets is not significantly different from their market value at 31st March 2000.

### **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 Order 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 49, has been leader of Manchester City Council since 1996. Mr Hill, aged 56, 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 2000

#### 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 2000 are as nominees for Peel Holdings p.l.c.

		31st March 2000 Number	31st March 1999 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.

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 J. Whittaker and R.E. Hough who at 31st March 2000 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 2000

### **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 22 days purchases.

### **Charitable and Political Donations**

The company made charitable donations of £4,813 in the year. No political donations were made.

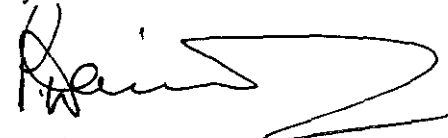
### **Year 2000**

The Company completed its Year 2000 programme and has experienced no significant problems in this area to date. The costs associated with achieving Year 2000 Compliance were not material and were charged to the profit and loss account as they were incurred.

### **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

1st June 2000

# THE MANCHESTER SHIP CANAL COMPANY

## AUDITORS' REPORT

To the Shareholders of the Manchester Ship Canal Company

We have audited the financial statements on pages 6 to 25 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 11.

### Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

### Basis of opinion

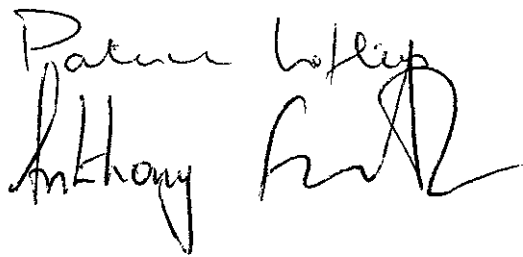
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company 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 as at 31st March 2000 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



1st June 2000

**THE MANCHESTER SHIP CANAL COMPANY**

**GROUP PROFIT AND LOSS ACCOUNT**  
for the year ended 31st March 2000

		2000	1999
	Note	£'000	£'000
<b>Turnover</b>	2	28,926	36,719
Operating profit	2	10,496	13,619
Profit on disposal of fixed assets	3	34	691
<b>Profit on ordinary activities before interest and taxation</b>	4	10,530	14,310
Net interest payable	5	(2,497)	(2,516)
<b>Profit on ordinary activities before taxation</b>		8,033	11,794
Tax on profit on ordinary activities	6	(1,620)	(3,706)
<b>Profit on ordinary activities after taxation</b>		6,413	8,088
Equity minority interests	23	(370)	(882)
<b>Profit for the financial year</b>		6,043	7,206
Dividends on non-equity share capital	7	(140)	(140)
<b>Profit for the financial year attributable to ordinary shareholders</b>		5,903	7,066
Dividends on equity share capital	7	(5,500)	(48,212)
<b>Retained profit/(loss) for the financial year</b>	22	403	(41,146)

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 25 form an integral part of these financial statements.

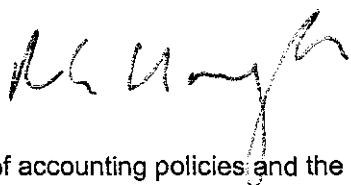
THE MANCHESTER SHIP CANAL COMPANY

BALANCE SHEETS  
as at 31st March 2000

		Group		Holding Company	
	Note	2000 £'000	1999 £'000	2000 £'000	1999 £'000
<b>Fixed assets</b>					
Tangible assets					
Investment properties	10	70,706	69,826	70,706	69,826
Other fixed assets	11	35,506	36,555	35,506	36,555
Investments	12	885	885	885	885
		<u>107,097</u>	<u>107,266</u>	<u>107,097</u>	<u>107,266</u>
<b>Current assets</b>					
Stocks	13	244	816	-	-
Debtors due within one year	14	217,606	247,746	168,673	187,399
Cash at bank and in hand		7,856	8,390	4,018	3,318
Assets due after more than one year	15	21	19	21	19
		<u>225,727</u>	<u>256,971</u>	<u>172,712</u>	<u>190,736</u>
<b>Creditors (amounts falling due within one year)</b>	16	<u>(101,237)</u>	<u>(132,220)</u>	<u>(131,613)</u>	<u>(148,608)</u>
<b>Net current assets</b>		<u>124,490</u>	<u>124,751</u>	<u>41,099</u>	<u>42,128</u>
<b>Total assets less current liabilities</b>		<u>231,587</u>	<u>232,017</u>	<u>148,196</u>	<u>149,394</u>
<b>Creditors (amounts falling due after more than one year)</b>	17	(33,066)	(34,084)	(33,066)	(34,084)
Provision for liabilities and charges	19	(903)	(914)	(903)	(914)
Accruals and deferred income	20	(1,066)	(1,140)	(1,066)	(1,140)
<b>Net assets</b>		<u>196,552</u>	<u>195,879</u>	<u>113,161</u>	<u>113,256</u>
<b>Financed by capital and reserves</b>					
Called up share capital	21	8,000	8,000	8,000	8,000
Revaluation reserve	22	54,066	54,176	49,902	50,012
Capital reserve		3,846	3,846	3,278	3,278
Other reserve		74,391	74,391	2	2
Profit and loss account	22	54,452	54,039	51,979	51,964
<b>Shareholders' funds</b>		<u>194,755</u>	<u>194,452</u>	<u>113,161</u>	<u>113,256</u>
Equity minority interests	23	1,797	1,427		
		<u>196,552</u>	<u>195,879</u>		
<b>Analysis of shareholders' funds</b>					
Equity		190,755	190,452	109,161	109,256
Non-equity		4,000	4,000	4,000	4,000
		<u>194,755</u>	<u>194,452</u>	<u>113,161</u>	<u>113,256</u>

The financial statements on pages 6 to 25 were approved by the board of directors on 1st June 2000 and signed on its behalf by:

R.E. Hough



Director

The statement of accounting policies and the notes on pages 9 to 25 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 2000

	Note	2000 £'000	1999 £'000
Profit for the financial year		6,043	7,206
<b>Other recognised gains and losses</b>			
Unrealised (deficit)/surplus on revaluation of investment properties	10	(100)	4,674
<b>Total recognised net gains and losses for the financial year</b>		<u>5,943</u>	<u>11,880</u>

## NOTE OF GROUP HISTORICAL COST PROFITS for the year ended 31st March 2000

	Note	2000 £'000	1999 £'000
Reported profit on ordinary activities before taxation		8,033	11,794
Realisation of property revaluation gains of previous years	22	10	6
<b>Historical cost profit on ordinary activities before taxation</b>		<u>8,043</u>	<u>11,800</u>
<b>Historical cost retained loss for the financial year</b>		<u>413</u>	<u>(41,140)</u>

## RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS for the year ended 31st March 2000

	Note	2000 £'000	1999 £'000
Profit for the financial year		6,043	7,206
Dividends	7	(5,640)	(48,352)
Other recognised net (losses)/gains relating to the year	10	(100)	4,674
<b>Net increase/(decrease) in shareholders' funds</b>		<u>303</u>	<u>(36,472)</u>
<b>Shareholders' funds at 1st April 1999/1st April 1998</b>		<u>194,452</u>	<u>230,924</u>
<b>Shareholders' funds at 31st March 2000/31st March 1999</b>		<u>194,755</u>	<u>194,452</u>

The statement of accounting policies and the notes on pages 9 to 25 form an integral part of these financial statements.

# THE MANCHESTER SHIP CANAL COMPANY

## NOTES TO THE ACCOUNTS

for the year ended 31st March 2000

### 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.

#### 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.

#### 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.

## THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)  
for the year ended 31st March 2000

### 1. Accounting Policies (continued)

#### 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.

#### 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.

## THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)  
for the year ended 31st March 2000

### 1. Accounting Policies (continued)

#### 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.

#### 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 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 year ended 31st March 2000

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

### (a) Turnover and Operating Profit

	2000				1999			
	Port and Canal £'000	Property Investment £'000	Property Trading £'000	Group £'000	Port and Canal £'000	Property Investment £'000	Property Trading £'000	Group £'000
<b>Turnover</b>								
Port and canal income	18,374	-	-	18,374	18,213	-	-	18,213
Gross rental income	-	7,017	3	7,020	-	7,125	4	7,129
Trading property sales	-	-	3,453	3,453	-	-	11,353	11,353
Premium income	-	79	-	79	-	24	-	24
	<u>18,374</u>	<u>7,096</u>	<u>3,456</u>	<u>28,926</u>	<u>18,213</u>	<u>7,149</u>	<u>11,357</u>	<u>36,719</u>
<b>Direct costs</b>								
Port and canal direct costs	(14,074)	-	-	(14,074)	(12,970)	-	-	(12,970)
Ground rents payable	(414)	(212)	-	(626)	(414)	(211)	-	(625)
Irrecoverable property costs	-	(374)	-	(374)	-	(336)	-	(336)
Trading property costs	-	-	(2,516)	(2,516)	-	-	(8,802)	(8,802)
	<u>(14,488)</u>	<u>(586)</u>	<u>(2,516)</u>	<u>(17,590)</u>	<u>(13,384)</u>	<u>(547)</u>	<u>(8,802)</u>	<u>(22,733)</u>
<b>Gross profit</b>	<u>3,886</u>	<u>6,510</u>	<u>940</u>	<u>11,336</u>	<u>4,829</u>	<u>6,602</u>	<u>2,555</u>	<u>13,986</u>
<b>Other costs</b>								
Administration expenses	(990)	(134)	-	(1,124)	(850)	(50)	-	(900)
<b>Trading profit</b>	<u>2,896</u>	<u>6,376</u>	<u>940</u>	<u>10,212</u>	<u>3,979</u>	<u>6,552</u>	<u>2,555</u>	<u>13,086</u>
Other income, including waste and minerals				284				533
<b>Operating profit</b>				<u>10,496</u>				<u>13,619</u>

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

Port and Canal income includes:

Pilotage (including exemption certificates of £5,000 (1999:£5,000))

Railways

	2000 £'000	1999 £'000
Pilotage	1,239	1,259
Railways	399	400

Port and canal expenditure includes:

Pilotage

	2000 £'000	1999 £'000
Pilotage	1,239	288

# THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)  
for the year ended 31st March 2000

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

### (b) Net Assets

	2000				1999			
	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	-	70,706	-	70,706	-	69,826	-	69,826
Trading properties	-	-	214	214	-	-	816	816
Other fixed assets	35,391	-	-	35,391	36,330	-	-	36,330
	<u>35,391</u>	<u>70,706</u>	<u>214</u>	<u>106,311</u>	<u>36,330</u>	<u>69,826</u>	<u>816</u>	<u>106,972</u>
Fixed asset investments				885				885
Operational properties				115				225
Centrally managed net assets				116,446				115,170
Group net borrowings (note 18)				(27,205)				(27,373)
<b>Net assets</b>				<u>196,552</u>				<u>195,879</u>

## 3. Profit on Disposal of Fixed Assets

	2000 £'000	1999 £'000
Investment properties	63	638
Other fixed assets	(29)	53
	<u>34</u>	<u>691</u>

## 4. Profit on Ordinary Activities before Interest and Taxation

	2000 £'000	1999 £'000
Profit on ordinary activities before interest and taxation is stated after charging /(crediting):		
Auditors' remuneration	32	32
Directors' emoluments (note 9)	132	126
Depreciation - owned assets	1,332	1,151
Depreciation - leased assets	178	149
Hire of plant and machinery under operating leases	72	69
Grant releases (note 20)	(74)	(74)

Fees paid to auditors in the financial year ended 31st March 2000 for non-audit services amounted to £11,000  
(1999: £12,000)

# THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)  
for the year ended 31st March 2000

## 5. Net Interest Payable

	2000 £'000	1999 £'000
Interest payable and similar charges:		
On other loans	2,788	3,243
Finance lease and other interest	132	147
	<u>2,920</u>	<u>3,390</u>
Less capitalised to investment properties	-	(340)
	<u>2,920</u>	<u>3,050</u>
Interest receivable and similar income	(423)	(534)
	<u>2,497</u>	<u>2,516</u>

## 6. Tax on Profit on Ordinary Activities

	2000 £'000	1999 £'000
Group relief	2,440	2,633
Corporation tax	323	809
Corporation tax adjustments in respect of previous years	(1,130)	(629)
Deferred taxation (note 19)	(11)	284
ACT written off	(2)	609
	<u>1,620</u>	<u>3,706</u>

## 7. Dividends on Non-equity and Equity Share Capital

	2000 £'000	1999 £'000
<b>Non-equity Share Capital:</b>		
Proposed preference dividend of 3.5p per share (1999: 3.5p per share)	<u>140</u>	<u>140</u>
<b>Equity Share Capital:</b>		
Proposed ordinary dividend of 145p per share (1999: 1,273p per share)	5,500	48,212
<b>Total dividends</b>	<u>5,640</u>	<u>48,352</u>

# THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)  
for the year ended 31st March 2000

## 8. Particulars of Staff

	2000 £'000	1999 £'000
Staff costs (including directors):		
Wages and salaries	3,750	3,797
Social security costs	284	295
	<u>4,034</u>	<u>4,092</u>

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

	Number	Number
Administration	65	69
Port operational and maintenance staff	104	108
	<u>169</u>	<u>177</u>

## 9. Directors' Emoluments

The emoluments of directors of the company were as follows:

	2000 £'000	1999 £'000
Fees	-	-
Emoluments for executive office	132	126
	<u>132</u>	<u>126</u>

The emoluments of the highest paid director were £81,000 (1999:£77,000) 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 2000

## 10. Investment properties

		Group and Holding Company		
		Freehold	Long leasehold	Total
		£'000	£'000	£'000
<b>Cost or valuation:</b>				
At 1st April 1999		66,726	3,100	69,826
Additions		199	10	209
Disposals		(28)	-	(28)
Reclassified from stock		90	-	90
Reclassified from other fixed assets		224	-	224
Other reclassifications		510	(510)	-
Intra-group transfers		485	-	485
Revaluations		(100)	-	(100)
At 31st March 2000		<u>68,106</u>	<u>2,600</u>	<u>70,706</u>
<b>Cost or Valuation comprises:</b>				
<b>Professional Valuation:</b>				
March 2000		1,000	-	1,000
March 1999		18,873	2,465	21,338
March 1998		46,362	135	46,497
March 1997		450	-	450
Cost		1,421	-	1,421
		<u>68,106</u>	<u>2,600</u>	<u>70,706</u>

		2000 £'000	1999 £'000
<b>Historical Cost of Investment Properties</b>			
Group		34,760	33,949
Company		<u>38,924</u>	<u>38,113</u>

## Valuations

Certain investment properties were professionally revalued by King Sturge on the basis of open market value at 31st March 2000.

The directors have considered the previous independent professional valuations carried out at 31st March 1999, 31st March 1998 and 31st March 1997, 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 or cost incorporated in the financial statements.

# THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)  
for the year ended 31st March 2000

## 11. Other Fixed Assets

Group and Holding Company				
	Freehold operational land and buildings £'000	Port and Canal £'000	Plant and vehicles £'000	Total £'000
<b>Cost or valuation:</b>				
At 1st April 1999	260	75,356	48	75,664
Additions	-	651	-	651
Disposals	-	(155)	-	(155)
Reclassification	(140)	-	-	(140)
At 31st March 2000	120	75,852	48	76,020
<b>Depreciation:</b>				
At 1st April 1999	35	39,026	48	39,109
Charge for the year	6	1,505	-	1,511
Disposals	-	(70)	-	(70)
Reclassification	(36)	-	-	(36)
At 31st March 2000	5	40,461	48	40,514
<b>Net Book Value:</b>				
At 31st March 2000	115	35,391	-	35,506
At 31st March 1999	225	36,330	-	36,555

### Cost or Valuation comprises:

#### Professional valuation:

March 1995	-	18,350	-	18,350
March 1994	-	1,456	-	1,456
November 1990	120	6,320	-	6,440
	120	26,126	-	26,246
Cost	-	49,726	48	49,774
	120	75,852	48	76,020

At 31st March 2000 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	25,302	418	25,720
Depreciation	(2,310)	(69)	(2,379)
Net Book Value	22,992	349	23,341

At 31st March 2000 port and canal assets include freehold and long leasehold land which is not subject to depreciation in the amount of £15,613,000 (1999:£15,613,000) and £81,000 (1999:£81,000) respectively.

## THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)  
for the year ended 31st March 2000

### 11. Other Fixed Assets (continued)

#### Valuations

Professional valuations were carried out at 31st March 1995 by Knight Frank, Chartered Surveyors, and at 31st March 1994 and 26th November 1990 by Dunlop Heywood & Co. Limited, 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 2000 of port and canal assets acquired under finance leases amounted to £3,083,000 (1999:£2,151,000) and depreciation provided thereon during the year totalled £178,000 (1999:£149,000).

#### Historical Cost of Other Fixed Assets

	2000	1999
	£'000	£'000
Group and Holding Company	57,721	57,365

### 12. Fixed Asset Investments

Cost	Group and Holding Company		
	Associated	Shares held	Total
	undertakings	in trust	
	£'000	£'000	£'000
At 1st April 1999 and 31st March 2000	673	212	885

#### Shares in Subsidiary and Associated Undertakings

Details of investments of the holding company in its principal subsidiary and associated undertakings are given on page 26. Investments in the subsidiary undertakings are included in the holding company balance sheet at a cost of £130 (1999: £130) less £2 (1999:£2) provided for permanent diminutions in value. The Group and holding company investments in associated undertakings represents their share of net assets.

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

#### Shares Held in Trust

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

# THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)  
for the year ended 31st March 2000

## 13. Stocks

	Group	
	2000	1999
	£'000	£'000
Land held for development	8	492
Work in progress and materials	236	324
	<u>244</u>	<u>816</u>

## 14. Debtors due within one year

	Group		Holding Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Trade debtors	2,068	3,510	1,966	3,504
Amounts owed by group undertakings	213,833	241,736	165,097	181,640
Other debtors	1,310	1,618	1,306	1,495
Advance corporation tax recoverable	-	395	-	395
Other prepayments and accrued income	395	487	304	365
	<u>217,606</u>	<u>247,746</u>	<u>168,673</u>	<u>187,399</u>

## 15. Assets due after more than one year

	Group and Holding Company	
	2000	1999
	£'000	£'000
Other debtors	<u>21</u>	<u>19</u>

# THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)  
for the year ended 31st March 2000

## 16. Creditors (amounts falling due within one year)

	Group		Holding Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	129	-	125	-
Amortising Bonds 2014	1,484	1,350	1,484	1,350
Finance leases	383	329	383	329
Debt due within 1 year	1,996	1,679	1,992	1,679
Trade creditors	879	1,187	877	873
Anticipated development costs to site completion	210	1,948	-	-
Amounts owed to group undertakings	90,995	75,394	121,855	94,953
Corporation tax	248	1,941	-	1,132
Income tax	8	8	8	8
Other taxes and social security	125	140	125	140
Other creditors	267	343	250	314
Accruals and deferred income	869	1,228	866	1,157
Proposed dividends	5,640	48,352	5,640	48,352
	101,237	132,220	131,613	148,608

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

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

	Group and Holding Company	
	2000	1999
	£'000	£'000
Perpetual Debenture Stocks	2,233	2,233
Amortising Bonds 2014	29,124	30,626
Finance leases	1,709	1,225
	33,066	34,084

# THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)  
for the year ended 31st March 2000

## 18. Borrowings

	Group	
	2000	1999
	£'000	£'000
Creditors (amounts falling due within one year)	1,996	1,679
Creditors (amounts falling due after more than one year)	33,066	34,084
Gross borrowings	35,062	35,763
Cash at bank and in hand	(7,856)	(8,390)
<b>Group net borrowings</b>	<b>27,206</b>	<b>27,373</b>
<b>Repayments of gross borrowings fall due as follows:</b>		
<b>Finance leases:</b>		
Within 1 year	383	329
1 - 2 years	319	282
2 - 5 years	813	565
	1,515	1,176
After five years by instalments	577	378
	2,092	1,554
<b>Other borrowings:</b>		
Within 1 year	1,613	1,350
1 - 2 years	1,610	1,469
2 - 5 years	5,698	5,226
	8,921	8,045
After five years by instalments - Amortising Bonds 2014	21,816	23,931
After five years not by instalments - Perpetual Debenture stocks	2,233	2,233
	32,970	34,209
<b>Total gross borrowings</b>	<b>35,062</b>	<b>35,763</b>

The Perpetual Debenture Stocks bear interest at rates between 3.5% and 4% and are secured by floating charges on various assets of the 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 a subsidiary undertaking 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 2000

## 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	
	2000 £'000	1999 £'000
Expiring within:		
1 year	6	2
1 - 2 years	18	9
2 - 5 years	3	11
	<u>27</u>	<u>22</u>

## 19. Provisions for Liabilities and Charges

	Group and Holding Company
<b>Deferred Taxation</b>	<b>£'000</b>
At 1st April 1999	914
Profit and loss account (note 6)	(11)
At 31st March 2000	<u>903</u>
<b>Contingent Taxation</b>	

No provision is made for the liability to corporation tax on capital gains at 30% (1999:31%) estimated not to exceed £9m (1999:£19m) which would arise if investment properties and certain other fixed assets were to be sold at their revalued amounts. Equivalent holding company figures are £9m (1999:£19m).

## 20. Accruals and Deferred income

	Group and Holding Company
<b>Grants</b>	<b>£'000</b>
At 1st April 1999	1,140
Released to profit and loss account	(74)
At 31st March 2000	<u>1,066</u>

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

# THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)  
for the year ended 31st March 2000

## 21. Called up Share Capital

		Group and Holding Company	
Authorised Number		2000 £'000	1999 £'000
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 2000

## 22. Reserves

	Other reserve £'000	Revaluation reserve £'000	Profit and loss account £'000
<b>Group:</b>			
At 1st April 1999	74,391	54,176	54,039
Realised revaluation profit on disposal of fixed asset investment properties	-	(10)	10
Unrealised surplus on revaluation of fixed asset investment properties	-	(100)	-
Retained profit for the financial year	-	-	403
At 31st March 2000	<u>74,391</u>	<u>54,066</u>	<u>54,452</u>
<b>Holding Company:</b>			
At 1st April 1999	2	50,012	51,964
Realised revaluation profit on disposal of fixed asset investment properties	-	(10)	10
Unrealised surplus on revaluation of fixed asset investment properties	-	(100)	-
Retained profit for the financial year	-	-	5
At 31st March 2000	<u>2</u>	<u>49,902</u>	<u>51,979</u>

Group and holding company revaluation reserves include £18,299,000 (1999:£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 1999	1,427
Proportion of profit on ordinary activities after taxation	370
At 31st March 2000	<u>1,797</u>

## THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)  
for the year ended 31st March 2000

### 24. Pension Commitments

In March 1997, the Manchester Ship Canal Company with the consent of the trustees of its pension scheme resolved to wind up its existing pension scheme with effect from 1st April 1997. As from 1st April 1997, a new scheme was set up for all the active members of the existing scheme, with certain improvements in benefits. The new scheme is again a defined benefits pension scheme based on final pensionable pay. The assets of the new scheme are held separately from those of the company and other companies within the Peel Holdings p.l.c. group of companies.

The new scheme was based on an actuarial valuation dated 1st April 1997 carried out by an independent qualified actuary who used the projected unit method. 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 9.0% per annum, that pay increases would average 7.0% per annum, dividends would increase at the rate of 4.25% per annum and that present future pensions would increase at the rate of 4.5% per annum.

The actuarial valuation dated 1st April 1997 showed that the market value of the scheme's assets was £26.80m and that the actuarial value of those assets represented 128% 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 employer are expected to be required in the normal course of events for a period of six years and one month, effective from the valuation date. The new scheme is formally valued every three years, and the next actuarial valuation is currently being undertaken.

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### 25. Capital Commitments

	2000 £'000	1999 £'000
Group capital expenditure commitments were as follows:		
Contracted for but not provided for in these accounts	<u>1,522</u>	<u>4,243</u>

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### 26. Contingent Liabilities

At 31st March 2000, the company had guaranteed bank overdrafts and loans of the intermediate holding company Peel Holdings p.l.c. amounting in aggregate to £110,000,000 (1999:£70,000,000).

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### 27. 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.

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# THE MANCHESTER SHIP CANAL COMPANY

## SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

### Subsidiary Undertakings

The principal subsidiary undertakings consolidated as at 31st March 2000, all of which were wholly-owned unless otherwise stated, were as follows:

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

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

Shares in the principal trading subsidiary undertakings at 31st March 2000 represented ordinary shares.

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 2000 was as follows:

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