

ZC000197

THE MANCHESTER SHIP CANAL COMPANY
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1995



THE MANCHESTER SHIP CANAL COMPANY

DIRECTORS, PROFESSIONAL ADVISERS AND PRINCIPAL OFFICE

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

Secretary: Paul P. Wainscott

Principal Office: Quay West
Trafford Wharf Road
Manchester M17 1PL

Registered Number: ZC197

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

Bankers: The Royal Bank of Scotland plc

Property Valuers: Dunlop Heywood & Co. Limited
Knight Frank & Rutley

**Registrars and
Transfer Office:** Barclays Bank PLC
Registration and New Issues
Bourne House
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Solicitors: Grundy Kershaw, Manchester

THE MANCHESTER SHIP CANAL COMPANY

REPORT OF THE DIRECTORS for the year ended 31st March 1995

The directors submit their report together with the audited financial statements of the group for the year ended 31st March 1995.

Principal Activities

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

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.

As part of a reorganisation within the Peel Holdings p.l.c. group of companies, various investment properties have been transferred from subsidiary undertakings to other companies within the Peel Holdings p.l.c. group of companies. In addition the share capital of Ship Canal Enterprises Limited, a subsidiary of Ship Canal Land Limited, was transferred to Peel Holdings p.l.c. during the year.

Results and Dividends

The group's results and financial position are set out in the profit and loss account on page 7, the balance sheets on page 8 and the notes relating thereto.

An ordinary dividend of 180p per share was paid on 24th March 1995.

A preference dividend of 3.5p per share was proposed on 31st March 1995.

Fixed Assets

Information on movements in investment properties, other fixed assets and investments is given in notes 10 to 12. As detailed in note 11, other fixed assets have been professionally revalued upwards by £3,712,000. The carrying value of other fixed assets is not significantly different from their market value at 31st March 1995.

Post Balance Sheet Events

Details of significant post balance sheet events are shown in note 27.

Directors

The directors who held office during the year were:

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

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 G. E. Stringer and Mr M. G Hill would be regarded as being non-executive directors. Councillor Stringer, aged 45, is the leader of the Manchester City Council. Mr Hill, aged 51, 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 1995

Directors' Interests in Shares and Financial Instruments

The interests of the directors and their families in the preference shares of the company are as listed below. All of the shareholdings at 31st March 1995 are as nominee for Peel Holdings p.l.c.

		31st March 1995 Number	31st March 1994 Number
R.E. Hough	#	501	501
J. Whittaker	#	500	500
P.A. Scott	#	501	501
P.P. Wainwright	#	501	501
J.B. Chilton		501	501
Cllr. G.E. Stringer		-	-
M.G. Hill	#	501	501

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. The other directors 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 R.E. Hough and Cllr. G.E. Stringer who have a non-beneficial interest in 211,598 ordinary shares held as trustees for the company pursuant to Section 13 of the Manchester Ship Canal Act 1920 and held by virtue of a deed of transfer dated 19th January 1988.

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

Directors' Liability Insurance

The company provides liability insurance for its directors and officers.

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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE MANCHESTER SHIP CANAL COMPANY

REPORT OF THE DIRECTORS (continued) for the year ended 31st March 1995

Corporate Governance

Details on the recommendations of the Cadbury Code of Best Practice on Corporate Governance insofar as they affect and are dealt with by the Peel Holdings p.l.c. group are contained within the Annual Report of Peel Holdings p.l.c., the intermediate holding company, and a copy of that company's statement on Corporate Governance is reproduced below:

Statement of Compliance

The company has complied throughout the financial year with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance except as mentioned below.

The board comprises four executive and three non-executive directors and is responsible to the shareholders of the company for the strategy and future development of the group and the efficient management of its resources. The board approves the annual budget, the long term plans and major investment and finance matters. Board meetings are held on a quarterly basis. There is also a defined schedule of matters reserved for decision by the board.

The board has in place the following Committees:

- An Audit Committee - which comprises all the directors under the chairmanship of Mr J. N. Duncan, a non-executive director. The Audit Committee receives reports from and consults with the external auditors. Its Chairman also has direct access to the external auditors.
- A Remuneration Committee - which comprises all the directors under the chairmanship of Mr R. J. Herkes, a non-executive director, and whose constitution provides that an executive director does not participate in the finalisation of his own remuneration.

There is no Nomination Committee as the process for the appointment of directors is a matter involving the entire board.

The Code recommends in respect of these Committees that the Audit Committee should be comprised wholly of non-executive directors and that the Remuneration Committee should comprise wholly or mainly of non-executive directors. The board having considered this aspect of the Code in detail concluded that an integrated and cohesive approach where all directors were members of the relevant Committees was appropriate for the company.

The three non-executive directors do not hold a service contract with the company. Under the Articles of Association of the company, these non-executive directors retire by rotation with the effect that each of them will offer himself for re-election at the Annual General Meeting of the company at no more than three yearly intervals.

The board believes that the company conducts its affairs with integrity and, with the exception of the above matters, complies with the recommendations of the Cadbury Code of Best Practice on Corporate Governance, currently in force.

The Directors do not consider that any further requirements are needed in respect of this company as it is a wholly owned subsidiary undertaking of Peel Holdings p.l.c. and as noted above, the majority of its directors are also directors and members of the Committees constituted by Peel Holdings p.l.c.

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.

THE MANCHESTER SHIP CANAL COMPANY

REPORT OF THE DIRECTORS (continued) for the year ended 31st March 1995

Employee Involvement and Health and Safety at Work

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

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

Employment of Disabled Persons

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

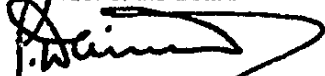
Charitable and political donations

The company made charitable donations of £12,459 in the year. No political donations were made.

Auditors

Mr R. A. Rushton FCA and Mr K. P. Simmons FCA resigned during the year and Mr P. J. Loftus ACA and Mr A. J. Farnworth ACA were appointed by the directors to be auditors of the company and a resolution to ratify their appointment will be proposed at the Annual General Meeting of the company and they will both offer themselves for re-election at the Annual General Meeting.

By Order of the Board



P.P. Wainwright
Secretary

1st September 1995

THE MANCHESTER SHIP CANAL COMPANY

AUDITORS' REPORT

to the members of the Manchester Ship Canal Company

We have audited the financial statements on pages 7 to 27 which have been prepared on the basis of the accounting policies set out on pages 11 to 13.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31st March 1995 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.

Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed the directors' statements on pages 3 and 4 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which are not disclosed.

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to Corporate Governance' issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of the company's corporate governance procedures nor on the ability of the company and group to continue in operational existence for the foreseeable future.

Opinion

With respect to the directors' statement on going concern on page 4, in our opinion the directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the relevant guidance for directors) and such statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statements on pages 3 and 4 appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review.

P J Loftus ACA
A J Farnworth ACA
of Binder Hamlyn,
Registered Auditors
Bank House
9 Charlotte Street
Manchester
M1 4EU

P J Loftus
A. J. Farnworth

1st September 1995

THE MANCHESTER SHIP CANAL COMPANY

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31st March 1995

	Note	12 months to 31 March 1995 £'000	Restated 15 months to 31 March 1994 £'000
Turnover	2	<u>30,131</u>	<u>34,863</u>
Operating profit	2	10,585	13,917
Profit on disposal of fixed assets	3	<u>591</u>	<u>24,999</u>
Profit on ordinary activities before interest and taxation	4	11,176	38,916
Net interest payable	5	<u>(2,849)</u>	<u>(2,228)</u>
Profit on ordinary activities before taxation		8,327	36,688
Tax on profit on ordinary activities	6	<u>(980)</u>	<u>(1,704)</u>
Profit on ordinary activities after taxation		7,347	34,984
Minority interests	23	<u>(392)</u>	<u>-</u>
Profit for the financial year/period		6,955	34,984
Dividends on non-equity share capital	7	<u>(140)</u>	<u>(175)</u>
Profit for the financial year/period attributable to ordinary shareholders		6,815	34,809
Dividends on equity share capital	7	<u>(6,819)</u>	<u>(5,683)</u>
(Absorbed loss)/retained profit for the financial year/period transferred (from)/ to reserves	22	<u>(4)</u>	<u>29,126</u>

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

The group profit and loss account has been prepared in accordance with the provisions of Financial Reporting Standard 4 for the first time. The comparative figures have been restated accordingly.

Movements in reserves are shown in note 22.

The statement of accounting policies and the notes on pages 11 to 27 form an integral part of these financial statements.

THE MANCHESTER SHIP CANAL COMPANY

BALANCE SHEETS
as at 31st March 1995

	Note	Group		Holding Company	
		1995 £'000	Restated 1994 £'000	1995 £'000	Restated 1994 £'000
Fixed assets					
Tangible assets					
Investment properties	10	76,085	122,806	28,656	28,561
Other fixed assets	11	35,670	41,962	35,670	31,139
Investments	12	885	885	885	885
		<u>112,640</u>	<u>165,653</u>	<u>65,211</u>	<u>60,585</u>
Current assets					
Stocks	13	29	8,279	-	-
Debtors due within one year	14	130,826	90,186	95,255	99,650
Cash and short term investments		10,182	3,811	7,173	2,264
Assets due after more than one year	15	26	33	26	33
		<u>141,063</u>	<u>102,309</u>	<u>102,454</u>	<u>101,947</u>
Creditors (amounts falling due within one year)	16	<u>(11,233)</u>	<u>(27,060)</u>	<u>(29,667)</u>	<u>(21,535)</u>
Net current assets		<u>129,830</u>	<u>75,249</u>	<u>72,787</u>	<u>80,412</u>
Total assets less current liabilities		<u>242,470</u>	<u>240,902</u>	<u>137,998</u>	<u>140,997</u>
Creditors (amounts falling due after more than one year)	17	<u>(38,873)</u>	<u>(41,537)</u>	<u>(38,873)</u>	<u>(41,537)</u>
Accruals and deferred income	20	<u>(1,481)</u>	<u>(1,350)</u>	<u>(1,481)</u>	<u>(1,350)</u>
Net assets		<u>202,116</u>	<u>198,015</u>	<u>97,644</u>	<u>98,110</u>
Financed by capital and reserves					
Called up share capital	21	8,000	8,000	8,000	8,000
Revaluation reserve	22	84,352	90,944	40,885	37,526
Capital reserve		3,846	3,846	3,278	3,278
Other reserve	22	9,951	-	-	-
Profit and loss account	22	95,575	95,225	45,481	49,306
Shareholders' funds		<u>201,724</u>	<u>198,015</u>	<u>97,644</u>	<u>98,110</u>
Minority interests	23	392	-	-	-
		<u>202,116</u>	<u>198,015</u>	<u>97,644</u>	<u>98,110</u>
Analysis of shareholders' funds					
Equity		197,724	194,015	93,644	94,110
Non-equity		4,000	4,000	4,000	4,000
		<u>201,724</u>	<u>198,015</u>	<u>97,644</u>	<u>98,110</u>

The group and holding company balance sheets have been prepared in accordance with the provisions of Financial Reporting Standard 4 for the first time. The comparative figures have been restated accordingly.

Approved by the board of directors on 1st September 1995.

R.E. Hough



Director

The statement of accounting policies and the notes on pages 11 to 27 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 1995

	Note	12 months to 31 March 1995 £'000	Restated 15 months to 31 March 1994 £'000
Profit for the financial year/period		<u>6,955</u>	<u>34,984</u>
Other recognised gains and losses			
Unrealised surplus on revaluation of:			
- investment properties		-	14,791
- other fixed assets	22	<u>3,713</u>	<u>1,000</u>
		<u>3,713</u>	<u>15,791</u>
Total recognised net gains and losses for the financial year/period		<u>10,668</u>	<u>50,775</u>
Prior year adjustment	1	<u>96</u>	
Total gains and losses recognised since last annual report		<u>10,764</u>	

NOTE OF GROUP HISTORICAL COST PROFITS
for the year ended 31st March 1995

	Note	12 months to 31 March 1995 £'000	Restated 15 months to 31 March 1994 £'000
Reported profit on ordinary activities before taxation		8,327	36,688
Realisation of property revaluation gains of previous years	22	354	515
Excess of actual depreciation over historical cost depreciation		-	401
Historical cost profit on ordinary activities before taxation		<u>8,681</u>	<u>37,604</u>
Historical cost retained profit for the financial year/ period		<u>350</u>	<u>30,042</u>

The statement of accounting policies and the notes on pages 11 to 27 form an integral part of these financial statements.

THE MANCHESTER SHIP CANAL COMPANY

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS
for the year ended 31st March 1995

	Note	12 months to 31 March 1995 £'000	Restated 15 months to 31 March 1994 £'000
Profit for the financial year/period		6,955	34,984
Dividends	7	(6,959)	(5,858)
Other recognised net gains relating to the year/period		3,713	15,791
Net increase in shareholders' funds		3,709	44,917
Shareholders' funds at 1st April 1994/1st January 1993 (Restated)		198,015	153,098
Shareholders' funds at 31st March 1995/31st March 1994 (Restated)		201,724	198,015

Group shareholders' funds at the beginning of the financial year, as previously reported were £197,919,000 before adding the prior year adjustment of £96,000.

The statement of accounting policies and the notes on pages 11 to 27 form an integral part of these financial statements.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS for the year ended 31st March 1995

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.

Compliance with New Accounting Standards

The group has adopted Financial Reporting Standard 4 'Capital Instruments' in preparing this year's financial statements. This has resulted in an adjustment to prior year reserves and a restatement of comparative figures as shown below:

	Group and Holding Company
	£'000
Debtors due within one year	(49)
Assets due after more than one year	(950)
Creditors (amounts falling due within one year)	1,065
Creditors (amounts falling due after more than one year)	30
Net increase in net assets	96

The effect on the results for the year ended 31st March 1995 is to increase profit on ordinary activities before taxation by £59,000 (1994: £96,000).

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, the Manchester Ship Canal Company, is a wholly owned subsidiary undertaking of the Peel Holdings p.l.c. group of companies. Peel Holdings p.l.c. is a company incorporated and registered in England which produces group financial statements in accordance with the Companies Act 1985, which include a consolidated group cash flow statement.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued) for the year ended 31st March 1995

1. Accounting Policies (continued)

Reserve Arising on Consolidation

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

Investment Properties 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 1995

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 1995

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

	12 months to 31 March 1995				15 months to 31 March 1994			
	Port & Canal £'000	Property Investment £'000	Property Trading £'000	Group £'000	Port & Canal £'000	Property Investment £'000	Property Trading £'000	Group £'000
TURNOVER:								
Port & canal income	19,482	-	-	19,482	23,733	-	-	23,733
Property rental income	-	5,956	42	5,998	-	8,469	-	8,469
Trading property sales	-	-	4,631	4,631	-	-	1,214	1,214
Premium income	-	20	-	20	-	1,447	-	1,447
	<u>19,482</u>	<u>5,976</u>	<u>4,673</u>	<u>30,131</u>	<u>23,733</u>	<u>9,916</u>	<u>1,214</u>	<u>34,863</u>
DIRECT COSTS:								
Port & canal direct costs	(12,839)	-	-	(12,839)	(17,497)	-	-	(17,497)
Ground rents payable	(414)	(220)	-	(634)	(396)	(213)	-	(609)
Irrecoverable property costs	-	(213)	(16)	(229)	-	(703)	-	(703)
Trading property costs	-	-	(3,267)	(3,267)	-	-	(607)	(607)
	<u>(13,253)</u>	<u>(433)</u>	<u>(3,283)</u>	<u>(16,969)</u>	<u>(17,893)</u>	<u>(916)</u>	<u>(607)</u>	<u>(19,416)</u>
GROSS PROFIT	<u>6,229</u>	<u>5,543</u>	<u>1,390</u>	<u>13,162</u>	<u>5,840</u>	<u>9,000</u>	<u>607</u>	<u>15,447</u>
OTHER COSTS								
Administration expenses	(1,086)	(1)	(392)	(1,481)	(1,150)	(1,955)	(3)	(3,108)
Voluntary severance payments	(1,716)	-	-	(1,716)	(1,867)	(85)	-	(1,952)
	<u>(2,804)</u>	<u>(1)</u>	<u>(392)</u>	<u>(3,197)</u>	<u>(3,017)</u>	<u>(2,040)</u>	<u>(3)</u>	<u>(5,060)</u>
TRADING PROFIT	<u>3,425</u>	<u>5,542</u>	<u>998</u>	<u>9,965</u>	<u>2,823</u>	<u>6,960</u>	<u>604</u>	<u>10,387</u>
Other operating income				620				1,355
Other income, including waste and minerals				-				600
Income from listed investments				-				1,575
Reassessment of dredging provision made in prior periods				<u>10,585</u>				<u>13,917</u>
OPERATING PROFIT								

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued) for the year ended 31st March 1995

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

(a) Turnover and Operating Profit (continued)

All of the group's turnover during the financial year arose in the United Kingdom.

Port and canal income as above includes the following:

	12 months to 31 March 1995 £'000	15 months to 31 March 1994 £'000
Pilotage (including exemption certificates £13,000 (1994 - £15,000))	1,038	1,186
Railways	529	807

(b) Net Assets

	At 31 March 1995				At 31 March 1994 (Restated)			
	Port & canal £'000	Property investment £'000	Property trading £'000	Group £'000	Port & canal £'000	Property investment £'000	Property trading £'000	Group £'000
Investment properties	-	76,085	-	76,085	-	122,806	-	122,806
Trading properties	-	-	29	29	-	-	8,279	8,279
Other fixed assets	35,425	3	-	35,428	30,878	14	-	30,892
	<u>35,425</u>	<u>76,088</u>	<u>29</u>	<u>111,542</u>	<u>30,878</u>	<u>122,820</u>	<u>8,279</u>	<u>161,977</u>
Fixed asset investments				885				885
Operational properties				242				11,070
Centrally-managed net assets				119,282				68,075
Group net borrowings (note 18)				(29,835)				(43,992)
NET ASSETS				<u>202,116</u>				<u>198,015</u>

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 1995

3. Profit on Disposal of Fixed Assets

	12 months to 31 March 1995 £'000	15 months to 31 March 1994 £'000
Investment properties	36	917
Other fixed assets	537	35
Investment in subsidiary undertaking	18	-
Listed investments	-	24,047
	<u>591</u>	<u>24,999</u>

4. Profit on Ordinary Activities before Interest and Taxation

	12 months to 31 March 1995 £'000	15 months to 31 March 1994 £'000
Profit on ordinary activities before interest and taxation is stated after charging/(crediting):		
Auditors' remuneration	27	38
Directors' emoluments (note 9)	104	173
Depreciation - owned assets	1,006	2,137
Depreciation - leased assets	62	108
Hire of plant and machinery under operating leases	130	255
Government grant releases (note 20)	<u>(42)</u>	<u>(38)</u>

Fees paid to the auditors in the financial year ended 31st March 1995 for non-audit services amounted to £15,000 (1994: £15,000).

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 1995

5. Net Interest Payable

	12 months to 31 March 1995 £'000	Restated 15 months to 31 March 1994 £'000
Interest payable and similar charges:		
On bank loans and overdrafts repayable within 5 years	135	1,556
On other loans not repayable by instalments due after more than 5 years	82	101
On other loans repayable by instalments due after more than 5 years	3,170	1,028
Finance lease and other interest	121	134
	<u>3,508</u>	<u>2,819</u>
Interest receivable and similar income	(659)	(591)
	<u>2,849</u>	<u>2,228</u>

6. Tax on Profit on Ordinary Activities

	12 months to 31 March 1995 £'000	15 months to 31 March 1994 £'000
Payment for group relief at 33% (1994: 33%) on the profit for the financial year/period adjusted for corporation tax purposes	609	-
Corporation tax at 33% (1994:33%) on the profit for the financial year/period adjusted for corporation tax purposes	1,669	2,299
Corporation tax recoverable in respect of previous years	(1,298)	(715)
Tax credit on United Kingdom dividends received	-	120
	<u>980</u>	<u>1,704</u>

7. Dividends on Non-equity and Equity Share Capital

	12 months to 31 March 1995 £'000	15 months to 31 March 1994 £'000
Non-equity Share Capital:		
Preference 3.5p per share (15 months to 31 March 1994 :4.375p per share)	140	175
Equity Share Capital:		
Ordinary 180p per share (1994: 150p per share)	6,819	5,683
Total dividends	<u>6,959</u>	<u>5,858</u>

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 1995

8. Particulars of Staff

	12 months to 31 March 1995 £'000	15 months to 31 March 1994 £'000
Staff costs (including directors):		
Wages and salaries	4,204	6,857
Social security costs	370	591
Voluntary severance payments	1,716	1,952
	<u>6,290</u>	<u>9,400</u>

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

	Number	Number
Administration	76	118
Port operational and maintenance staff	151	178
	<u>227</u>	<u>296</u>

9. Directors' Emoluments

The emoluments of directors of the company were as follows:

	12 months to 31 March 1995 £'000	15 months to 31 March 1994 £'000
Fees	6	22
Emoluments for executive office	98	131
Compensation for loss of office	-	20
	<u>104</u>	<u>173</u>

Emoluments disclosed above include the following amounts in respect of:

Chairman	40	48
Highest paid director	<u>58</u>	<u>76</u>

The emoluments of all directors (excluding pension contributions) fall within the following bandings:

	Number	Number
£ 0 - £ 5,000	4	3
£ 5,001 - £10,000	1	1
£10,001 - £15,000	-	1
£25,001 - £30,000	-	1
£35,001 - £40,000	1	-
£45,001 - £50,000	-	1
£55,001 - £60,000	1	-
£75,001 - £80,000	-	1

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 1995

10. Investment Properties

	Group			Holding Company		
	Freehold £'000	Long leasehold £'000	Total £'000	Freehold £'000	Long leasehold £'000	Total £'000
Cost or valuation:						
At 1st April 1994	122,558	248	122,806	28,313	248	28,561
Additions - third party	569	-	569	24	-	24
- intra group	-	-	-	425	-	425
Reclassification	61	(61)	-	61	(61)	-
Disposals - third party	(354)	-	(354)	(354)	-	(354)
- intra group	(46,936)	-	(46,936)	-	-	-
At 31st March 1995	75,898	187	76,085	28,469	187	28,656
Cost or Valuation comprises:						
Professional Valuation:						
March 1994	59,672	187	59,859	28,458	187	28,645
November 1990	15,000	-	15,000	-	-	-
	74,672	187	74,859	28,458	187	28,645
Cost	1,226	-	1,226	11	-	11
	75,898	187	76,085	28,469	187	28,656
Historical Cost of Investment Properties				At 31 March 1995	At 31 March 1994	
Group				£'000	£'000	£'000
Company				10,432		46,980
Valuations				6,470		5,664

The directors have considered the previous independent professional valuation carried out by Dunlop Heywood & Co. Limited, Consultant Surveyors, on the basis of open market value at 31st March 1994.

In addition, the directors have considered investment properties included at cost. In the opinion of the directors, having consulted the group's own professionally qualified staff, the current open market value of such investment properties is not materially different from their valuation or cost incorporated in the financial statements.

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 1995

11. Other Fixed Assets

	Group				Holding Company			
	Freehold operational land and buildings £'000	Port and canal £'000	Plant and vehicles £'000	Total £'000	Freehold operational land and buildings £'000	Port and canal £'000	Plant and vehicles £'000	Total £'000
Cost or valuation:								
At 1st April 1994	11,647	65,943	48	77,638	260	65,943	48	66,251
Additions	-	1,886	-	1,886	-	1,886	-	1,886
Disposals - third party	-	(58)	-	(58)	-	(58)	-	(58)
- intra group	(11,387)	-	-	(11,387)	-	-	-	-
Revaluations	-	2,281	-	2,281	-	2,281	-	2,281
At 31st March 1995	260	70,052	48	70,360	260	70,052	48	70,360
Depreciation:								
At 1st April 1994	577	35,065	34	35,676	13	35,065	34	35,112
Charge for the year	4	1,053	11	1,068	4	1,053	11	1,068
Disposals - third party	-	(58)	-	(58)	-	(58)	-	(58)
- intra group	(564)	-	-	(564)	-	-	-	-
Revaluations	-	(1,432)	-	(1,432)	-	(1,432)	-	(1,432)
At 31st March 1995	17	34,628	45	34,690	17	34,628	45	34,690
Net Book Value:								
At 31st March 1995	243	35,424	3	35,670	243	35,424	3	35,670
At 31st March 1994	11,070	30,878	14	41,962	247	30,878	14	31,139
Cost or Valuation comprises:								
Professional valuation:								
March 1985	-	18,350	-	18,350	-	18,350	-	18,350
March 1994	-	2,000	-	2,000	-	2,000	-	2,000
November 1990	260	6,580	-	6,840	260	6,580	-	6,840
Cost								
At 31st March 1995	260	26,930	-	27,190	260	26,930	-	27,190
At 31st March 1994	-	43,122	48	43,170	-	43,122	48	43,170
	260	70,052	48	70,360	260	70,052	48	70,360

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued) for the year ended 31st March 1995

11. Other Fixed Assets (continued)

At 31st March 1995 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	24,492	418	24,910
Depreciation	(421)	(31)	(452)
Net Book Value	<u>24,071</u>	<u>387</u>	<u>24,458</u>

At 31st March 1995 port and canal assets include freehold and long leasehold land which is not subject to depreciation in the amount of £20,015,000 (1994: £13,544,000) and £81,000 (1994: £81,000) respectively.

Valuations

Professional valuations were carried out at 31st March 1995 by Knight Frank & Rutley, Chartered Surveyors, and at 31st March 1994 and 26th November 1990 by Dunlop Heywood & Co. Limited, Consultant 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 1995 of port and canal assets acquired under finance leases amounted to £1,415,000 (1994: £1,140,000) and depreciation provided thereon during the year totalled £62,000 (1994: £108,000).

	At 31 March 1995 £'000	At 31 March 1994 £'000
Historical Cost of Other Fixed Assets		
Group	53,093	62,652
Holding Company	<u>53,093</u>	<u>51,265</u>

12. Fixed Asset Investments

	Group and Holding Company		
	Associated undertakings £'000	Shares held in trust £'000	Total £'000
Cost			
At 1st April 1994 and 31st March 1995	<u>673</u>	<u>212</u>	<u>885</u>

Shares in Subsidiary and Associated Undertakings

Details of investments of the holding company in its principal subsidiary and associated undertakings are given on page 28. Investments in subsidiary undertakings are included in the holding company balance sheet at a cost of £60 less £2 (1994: £Nil) 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 Properties Limited, have not been consolidated as they are immaterial.

Shares Held in Trust

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

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 1995

13. Stocks

	Group	
	1995	1994
	£'000	£'000
Land held for development	-	7,354
Work in progress and materials	29	925
	<u>29</u>	<u>8,279</u>

14. Debtors due within one year

	Group		Holding Company	
	1995	Restated	1995	Restated
	£'000	£'000	£'000	£'000
Trade debtors	3,179	3,559	2,824	3,045
Amounts owed by group undertakings	123,886	83,580	88,954	93,863
Other debtors	116	272	38	333
Advance corporation tax recoverable	3,195	1,490	3,195	1,490
Income tax recoverable	10	68	-	36
Other prepayments and accrued income	440	1,217	244	883
	<u>130,826</u>	<u>90,186</u>	<u>95,255</u>	<u>99,650</u>

15. Assets due after more than one year

	Group and Holding Company	
	1995	Restated
	£'000	£'000
Other debtors	<u>26</u>	<u>33</u>

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 1995

16. Creditors (amounts falling due within one year)

	Group		Holding Company	
	1995	Restated 1994	1995	Restated 1994
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	23	5,267	13	64
Amortising Bonds 2014	965	887	965	887
Obligations under finance leases	156	112	156	112
Trade creditors	889	949	522	793
Anticipated development costs to site completion	257	508	-	-
Amounts owed to group undertakings	609	11,555	20,784	12,747
Corporation tax	3,977	2,557	3,629	2,414
Advance corporation tax	1,705	1,490	1,705	1,490
Income tax	5	4	5	4
Other taxes and social security	180	159	180	159
Grant repayable	-	1,220	-	1,220
Other creditors	933	1,290	721	607
Accruals and deferred income	1,219	887	672	863
Proposed dividends	315	175	315	175
	<u>11,233</u>	<u>27,060</u>	<u>29,667</u>	<u>21,535</u>

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

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

	Group		Holding Company	
	1995	Restated 1994	1995	Restated 1994
	£'000	£'000	£'000	£'000
Perpetual Debenture Stocks	2,233	2,233	2,233	2,233
Secured bank loans	-	2,000	-	2,000
Amortising Bonds 2014	35,495	36,483	35,495	36,483
Obligations under finance leases	1,145	821	1,145	821
	<u>38,873</u>	<u>41,537</u>	<u>38,873</u>	<u>41,537</u>

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

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

	Group and Holding Company	
	1995	1994
	£'000	£'000
Expiring within:		
1 year	24	125
1 - 2 years	-	66
2 - 5 years	-	5
	<u>24</u>	<u>196</u>

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 1995

18. Borrowings

	Group	
	1995	Restated
	£'000	1994
		£'000
Creditors (amounts falling due within one year)	1,144	6,266
Creditors (amounts falling due after more than one year)	38,873	41,537
Gross borrowings	40,017	47,803
Cash and short term investments	(10,182)	(3,811)
Group net borrowings	29,835	43,992
Repayments of gross borrowings fall due as follows:		
Within 1 year	1,144	6,266
1 - 2 years	1,210	1,081
2 - 5 years	4,314	5,851
	6,668	13,198
After five years by instalments:		
Amortising Bonds 2014	30,713	32,087
Finance leases	403	285
After five years not by instalments:		
Perpetual Debenture Stocks	2,233	2,233
	40,017	47,803

The Perpetual Debenture Stocks bear interest at rates between 3.5% and 4.5% 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).

19. Provisions for Liabilities and Charges

Contingent Taxation

No provision is made for the liability to corporation tax on capital gains at 33% (1994: 33%) estimated not to exceed £23m (1994: £18m) 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 (1994: £8m).

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued) for the year ended 31st March 1995

20. Accruals and Deferred Income

	<u>Group and Holding Company</u> £'000
Government Grants	
At 1st April 1994	1,350
Grants received	173
Released to profit and loss account	(42)
At 31st March 1995	<u>1,481</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.

21. Called up Share Capital

Authorised Number		<u>Group and Holding Company</u>	
		1995 £'000	1994 £'000
	Authorised under the Manchester Ship Canal Acts and Orders		
	Equity		
4,000,000	Ordinary shares of £1 each	4,000	4,000
	Non-equity		
4,000,000	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	212	212
<u>211,598</u>		<u>4,000</u>	<u>4,000</u>
4,000,000	Non-equity share capital		
	Preference shares of £1 each	4,000	4,000
<u>3,999,980</u>		<u>4,000</u>	<u>4,000</u>
<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 1995

22. Reserves

Group:	Revaluation reserve £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1st April 1994 as previously stated	90,944	-	95,129	186,073
Prior year adjustment (note 1)	-	-	96	96
At 1st April 1994 as restated	90,944	-	95,225	186,169
Realised revaluation surplus on disposal of fixed asset investment properties	(10,305)	9,951	354	-
Unrealised surplus on revaluation of other fixed assets	3,713	-	-	3,713
Absorbed loss for the financial year	-	-	(4)	(4)
At 31st March 1995	<u>84,352</u>	<u>9,951</u>	<u>95,575</u>	<u>189,878</u>
Company:				
At 1st April as previously stated	37,526	-	49,210	86,736
Prior year adjustments (note 1)	-	-	96	96
At 1st April as restated	37,526	-	49,306	86,832
Realised revaluation surplus on disposal of fixed asset investment properties	(354)	-	354	-
Unrealised surplus in revaluation of other fixed assets	3,713	-	-	3,713
Absorbed loss for the financial year	-	-	(4,179)	(4,179)
At 31st March 1995	<u>40,885</u>	<u>-</u>	<u>45,481</u>	<u>86,366</u>

Group and holding company revaluation reserves include £18.699m (1994: £14.986m) 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.

23. Minority Interests

	Group Equity £'000
At 1st April 1994	-
Proportion of profit on ordinary activities after taxation	<u>392</u>
At 31st March 1995	<u>392</u>

24. Pension Fund

The company operates a pension scheme providing defined benefits based on final pensionable pay. The assets of the scheme are held separately from those of the holding company. The cost of the scheme has been assessed by a qualified actuary using the projected unit method. The most recent actuarial valuation was at 31st March 1993. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in pay and pensions. The actuarial valuation assumed that new investments would yield 9.5% per annum, that pay increases would average 7.5% per annum, dividends would increase at the rate of 5.0% per annum and that present and future pensions would increase at the rate of 5% per annum.

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

The pension cost for the period is £Nil (1994: £Nil).

THE MANCHESTER SHIP CANAL COMPANY

NOTES TO THE ACCOUNTS (continued) for the year ended 31st March 1995

25. Capital Commitments

	1995 £'000	1994 £'000
Group capital expenditure commitments were as follows:		
Contracted for but not provided for in these accounts	<u>1,465</u>	<u>898</u>
Sanctioned by the directors but not contracted for	<u>1,137</u>	<u>7,850</u>

26. Contingent Liabilities

At 31st March 1995, the company had guaranteed bank overdrafts and loans of the intermediate holding company Peel Holdings p.l.c. amounting in aggregate to £110m (1994: £Nil).

27. Post Balance Sheet Events

On 24th May 1995, the House of Lords allowed an appeal against an earlier Court of Appeal judgement and so restored the validity of the Secretary of State for the Environments decision letter dated 4th March 1993, which granted outline planning permission for the 1.3m sq. ft. Trafford Centre shopping and leisure development. As a consequence Ship Canal Land Limited (a wholly owned subsidiary of the company) is required to purchase the Zero Coupon Loan Stock 1998 issued by the intermediate holding company, Peel Holdings p.l.c., at par 15 weeks after such event. Peel Holdings p.l.c. has guaranteed this obligation of Ship Canal Land Limited. Consequently the Zero Coupon Loan Stock falls due for purchase on 6th September 1995. However, Peel Holdings p.l.c. also has the right to redeem the Zero Coupon Loan Stock 1998 itself at par and has elected to do so on 4th September 1995.

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 Quay West, Trafford Wharf Road, Manchester M17 1PL.

THE MANCHESTER SHIP CANAL COMPANY

SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Subsidiary Undertakings

The principal trading subsidiary undertakings consolidated as at 31st March 1995, 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 principal trading subsidiary undertakings at 31st March 1995 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 1995 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 Properties Limited	25.1%	25 'A' shares of 10p	Property development