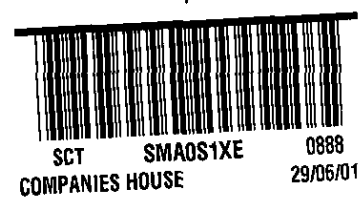


134754

Clydeport Operations Limited

Report and Accounts

31 December 2000



Clydeport Operations Limited

Registered in Scotland Number 134759

DIRECTORS

T Allison	Chief Executive
J Craig	(resigned 7 January 2000)
E Davidson	(resigned 30 June 2000)
D Green	
J Hodgkinson	(resigned 25 February 2000)
P Lawwell	(appointed 15 June 2000)
M MacKay	(appointed 1 February 2000)
M Semple	(resigned 22 September 2000)

SECRETARY

D Green, CA

AUDITORS

Ernst & Young
George House
50 George Square
Glasgow
G2 1RR

REGISTERED OFFICE

16 Robertson Street
Glasgow
G2 8DS

Clydeport Operations Limited

DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended 31 December 2000.

PRINCIPAL ACTIVITY

The group's principal activity during the year was the provision of port services.

FINANCIAL RESULTS

The 2000 group profit after taxation was £7,898,000. The directors recommend that no dividend be paid.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Hunterston's record of growth in recent years suffered a setback during last year, and while there was a high level of activity at the year end, overall tonnages of coal imported during 2000/2001 were down 25% to 2.5 million tonnes. In the first few months of the year, the terminal was affected by a disappointingly high level of train cancellations, causing frustration amongst our customers in their inability to move the required quantities of coal to generating stations in England.

The continuing growth in activity at Hunterston is dependent upon a number of factors, including the market dynamics influencing the participation of coal fired generation in the United Kingdom electricity market, the production levels of indigenous coal and the relative cost competitiveness of international coal prices and freight rates. In addition, Hunterston's activity will depend upon the cost and reliability of supply from the terminal to the generating stations by rail and sea against competing United Kingdom ports. Hunterston has the advantage of available capacity to expand activities without capital expenditure when compared to potentially capacity-constrained competing ports.

We remain optimistic about the outlook for coal activity at Hunterston. The terminal continued to benefit from increased demand from ScottishPower in the first quarter of 2001 and has started the year strongly. Even more encouraging is that major vessels have been handled on behalf of Texas Utilities and Innogy (formerly National Power) for delivery to English generating stations.

Our traditional port activities enjoyed another year of steady progress, with turnover and profitability increasing by 5%.

Greenock had an outstanding year, with major gains in wood pulp, paper and containers. Wood pulp tonnages increased dramatically by 56% to 114,000 tonnes as a result of market share gains. Our new paper reel export business to Baltimore exceeded expectations to reach 28,500 tonnes and we expect further steady growth over the next few years. Container volumes reached an all-time record of 27,400 boxes (1999 - 23,300 boxes). The successful start-up of our new Greenock to Southampton coastal feeder service played a major role in this, achieving 2,200 boxes in its first six months. Another success story of the year was the development of Greenock as a port of call for cruise liners. Our efforts have been focused on selling the attractions of Scotland's West Coast directly to the international cruise market and these efforts are about to be rewarded following confirmation that 35 cruise liners will call at Greenock this year.

Clydeport Operations Limited

DIRECTORS' REPORT

BUSINESS REVIEW AND FUTURE DEVELOPMENTS (continued)

Glasgow also had a very good year and achieved significantly increased tonnages in fertilisers and salt. A new cargo of steel beams was attracted from Italy. This more than offset the 104,000 tonnes of one-off export of intervention grain last year. Scrap tonnages recovered to 290,000 tonnes (1999 - 259,000 tonnes), and we are hopeful there will be further improvement this year. Shipbuilding and repair activity in the river was generally lower than last year with fewer new vessel launches and generally lower activity in the ship-repair sector. Notably, UIE took the decision to withdraw from their activity at our East Glen Yard, and the yard returned to our possession at the end of the year. We are currently exploring a number of alternative uses for the site. We remain positive about the future of this area of activity on the Clyde and await the outcome of pending decisions on large-scale Ministry of Defence contracts.

At Ardrossan, work has started in the construction of a new passenger terminal for Caledonian MacBrayne services to Arran. P&O, while still intending to relocate to Troon, has extended their lease until the middle of 2001.

Our shipping division performed well. During the year we recognised that some of the larger deep-sea lines were moving their services from Felixstowe into the less congested port of Southampton. To meet their need to transfer containers from Scotland for deep-sea export and to return empty containers from the south, we established in July a new coastal feeder service between Greenock and Southampton, calling at Liverpool. After a small start-up loss it is now profitable and enjoying good utilisation levels. We expect the service to handle in excess of 6,000 boxes this year. As a result we are exploring the possibility of chartering a second vessel to offer an expanded service later this year.

FIXED ASSETS

Changes in fixed assets are detailed in note 7 to the accounts.

MARKET VALUE OF LAND AND BUILDINGS

The market value of the group's land, buildings, docks and quays was externally assessed at £45,788,000 as at 31 December 1997. This valuation has not been incorporated into the accounts.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2000 were those listed on page 1.

The beneficial interests in the shares of Clydeport plc of the directors below were as follows:

	<i>At 31 December 2000</i>	<i>At 1 January 2000</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
M MacKay	13,221	8,334

Clydeport Operations Limited

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

Clydeport plc has executive share option schemes and the interests of the directors above were as follows:

	<i>Date of grant</i>	<i>Exercise price</i>	<i>At 1 January 2000</i>	<i>Granted during the year</i>	<i>Exercised during the year</i>	<i>At 31 December 2000</i>
M MacKay	March 1999 a)	229.5p	5,376	-	-	5,376
M MacKay	May 2000 b)	212p	-	7,700	-	7,700
			<u>5,376</u>	<u>7,700</u>	<u>-</u>	<u>13,076</u>

The options are exercisable between the following dates:

- a) 23 March 2002 and 22 March 2009 and
- b) 4 May 2003 and 3 May 2010.

The options issued in March 1999 and May 2000 are exercisable subject to the following conditions:

- 1) the percentage growth in earnings per share of the group in the period of three consecutive years following the date of grant exceeds the percentage growth in Retail Price Index over that period by 6.1208%; and
- 2) the growth in earnings per share of the group in this period of three consecutive years following the date of grant exceeds the average growth in earnings per share of the FTSE All Share Index excluding investment trusts.

Clydeport plc has a Save As You Earn share option scheme. The interests of M MacKay were as follows:

	<i>Date of grant</i>	<i>Exercise price</i>	<i>At 1 January 2000</i>	<i>Granted during the year</i>	<i>Exercised during the year</i>	<i>At 31 December 2000</i>
M MacKay	April 1995	140p	7,984	-	7,984	-
M MacKay	September 1996 a)	138p	4,400	-	-	4,400
M MacKay	May 2000 b)	169p	-	5,991	-	5,991
			<u>12,384</u>	<u>5,991</u>	<u>7,984</u>	<u>10,391</u>

Clydeport Operations Limited

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

The Save As You Earn options are exercisable between the following dates:

- a) 1 November 2001 and 30 April 2002 and
- b) 1 July 2005 and 31 December 2005.

The interests of the other directors in the share capital of Clydeport plc are disclosed in those accounts.

No director had during, or at the end of the year, any material interest in any contract of significance in relation to the group's business.

The group maintains directors' and officers' liability insurance which provides insurance cover for the directors and officers of the company and its subsidiaries against liabilities which they may incur personally as a consequence of claims made against them alleging breach of duty or other wrongful act or omission in their capacity as directors or officers.

EMPLOYEES

The group regards a sound industrial relations policy as essential to the operation of the group. Regular meetings between management and employees take place throughout the year to allow a free flow of information and ideas. Matters concerning health and safety are considered regularly by the health and safety committee, chaired by M MacKay. Reports of each meeting are made available to the executive committee.

Applications for employment by disabled persons are given every consideration, as is the continued employment of any employee who becomes disabled. Disabled persons also receive consideration for career development and promotion in line with all other employees.

The group has a policy that ensures equal opportunities with regard to all employees.

SUPPLIER PAYMENT POLICY AND PRACTICE

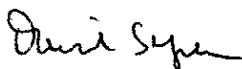
Payment dates are established according to the agreed date of delivery of goods or provision of services and receipt of correct invoice. Payments are usually made within 28 days of the invoice date. At the end of the year the amount owed to trade creditors by the group was equivalent to approximately 33 days of purchases from suppliers.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the annual general meeting.

Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the board



D Green
Secretary

29 May 2001

Clydeport Operations Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, 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 account; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and which enable them to ensure that the accounts comply with the Companies Act 1985 and the Harbours Act 1964, as amended. 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.

CORPORATE GOVERNANCE

A full report of the Clydeport group's compliance with the Combined Code is included in the accounts of Clydeport plc.

REPORT OF THE AUDITORS to the members of Clydeport Operations Limited

We have audited the accounts on pages 8 to 20 which have been prepared under the historical cost convention as modified for the revaluation of certain land and buildings and investments in subsidiaries and the accounting policies set out on pages 11 and 12.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 6 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts are free from material mis-statement, 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and the Harbours Act 1964, as amended.

E ——— 14 ———
Ernst & Young
Registered Auditor
Glasgow

29 May 2001

Clydeport Operations Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 2000

	<i>Notes</i>	<i>2000 £000</i>	<i>1999 £000</i>
TURNOVER	2	24,956	25,501
Cost of sales		14,442	13,753
GROSS PROFIT		10,514	11,748
Administrative expenses		134	1,087
OPERATING PROFIT	3	10,380	10,661
Interest receivable		813	766
Interest charges	5	(142)	(158)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,051	11,269
Tax on profit on ordinary activities	6	3,153	2,519
RETAINED PROFIT FOR THE YEAR	16	7,898	8,750

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

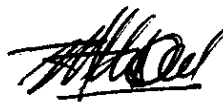
for the year ended 31 December 2000

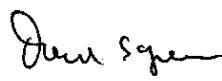
	<i>£000</i>	<i>£000</i>
Total recognised gains relating to the year	7,898	8,750
Prior year adjustment	-	1,448
Total gains relating to the year	7,926	10,198

Clydeport Operations Limited

GROUP BALANCE SHEET at 31 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	7	30,695	29,513
Tangible assets - work-in-progress		563	714
		<u>31,258</u>	<u>30,227</u>
CURRENT ASSETS			
Debtors	9	36,477	30,266
Stock		201	131
Cash at bank and in hand		14,814	13,807
		<u>51,492</u>	<u>44,204</u>
CREDITORS: amounts falling due within one year	10	14,967	14,980
		<u>36,525</u>	<u>29,224</u>
NET CURRENT ASSETS			
		<u>67,783</u>	<u>59,451</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year:			
Irredeemable stock	11	3,401	3,402
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	12	3,365	2,800
DEFERRED INCOME			
Port improvement grants	13	4,384	4,514
		<u>11,150</u>	<u>10,716</u>
		<u>56,633</u>	<u>48,735</u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Revaluation reserve	15	1,477	1,477
Profit and loss account	15	55,156	47,258
		<u>56,633</u>	<u>48,735</u>

T Allison  Director

D Green  Director

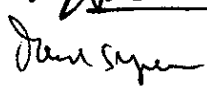
29 May 2001

Clydeport Operations Limited

COMPANY BALANCE SHEET at 31 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	7	27,842	26,577
Tangible assets - work-in-progress		469	714
		<u>28,311</u>	<u>27,291</u>
Investment in subsidiaries	8	5,102	4,357
		<u>33,413</u>	<u>31,648</u>
CURRENT ASSETS			
Debtors	9	39,651	31,888
Stock		201	131
Cash at bank and in hand		9,458	10,646
		<u>49,310</u>	<u>42,665</u>
CREDITORS: amounts falling due within one year	10	16,553	16,500
		<u>32,757</u>	<u>26,165</u>
NET CURRENT ASSETS			
		<u>66,170</u>	<u>57,813</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year:			
Irredeemable stock	11	3,333	3,334
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	12	3,030	2,473
DEFERRED INCOME			
Port improvement grants	13	3,174	3,271
		<u>9,537</u>	<u>9,078</u>
		<u>56,633</u>	<u>48,735</u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Revaluation reserve	15	6,420	5,675
Profit and loss account	15	50,213	43,060
		<u>56,633</u>	<u>48,735</u>

T Allison  Director

D Green  Director

29 May 2001

Clydeport Operations Limited

NOTES TO THE ACCOUNTS at 31 December 2000

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention modified to include the revaluation of certain land and buildings and investments in subsidiaries. The accounts are prepared in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of Clydeport Operations Limited and all its subsidiary undertakings drawn up to 31 December each year. References to "subsidiaries" are to be taken as references to subsidiary undertakings unless otherwise stated. The results of subsidiaries acquired during the year are consolidated from the date of acquisition and the results of subsidiaries disposed of are consolidated up to the date of sale. No profit and loss account is presented for Clydeport Operations Limited as permitted by Section 230 of the Companies Act 1985.

Fixed assets and depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life as follows:

Heritable buildings, docks and quays	10 to 50 years
Leasehold land and buildings	over the shorter of the lease term or remaining useful life
Dredging	50 years
Navigation aids	30 years
Plant and machinery	3 to 50 years
- rail tracks	50 years
- floating craft	15 years

Cost does not include any capitalised interest or general overhead allocation. Operational assets in the course of construction are recorded as capital work-in-progress. On completion, such assets are transferred to the appropriate category of tangible fixed assets.

Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Stock

Stock is stated at the lower of cost and net realisable value.

Leasing

Rentals paid under operating leases are charged to income on a straight line basis over the term of the relevant leases.

Pensions

The Clydeport plc group operates a defined benefit pension scheme which requires contributions to be made to a separately administered fund. Contributions to this fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the group. The regular cost is attributed to individual years using the projected unit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Clydeport Operations Limited

NOTES TO THE ACCOUNTS at 31 December 2000

1. ACCOUNTING POLICIES (continued)

Repairs and maintenance provision

Regular repair and maintenance of port and property assets is charged to the profit and loss account as incurred. During 1999 the group changed its accounting policy for significant one-off refurbishment of port assets to comply with FRS 12. The effect of this change was to increase reserves at 1 January 1999 by £1,448,000.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Revenue grants are released to profit over the lives of the projects to which they relate.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if the recovery without replacement by equivalent debit balances is reasonably certain.

Clawback

Under the Ports Act 1991 (Levy on Disposals of Land, etc.) Order 1992 ("the Order") the company may be liable to pay a levy, known as clawback, on certain asset disposals as defined in the Order, but broadly disposals of land and relevant interests in land. Clawback costs are matched to income arising from disposals made and accounted for as part of the taxation charge.

Turnover

Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of value added tax, and is derived wholly from UK operations.

2. PILOTAGE

The undernoted information is given in accordance with Article 4 of the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988.

	2000 £000	1999 £000
Pilotage revenue	1,098	1,328
Revenue from pilotage exemption certificates	21	20
Aggregate expenditure	932	1,308

Clydeport Operations Limited

NOTES TO THE ACCOUNTS at 31 December 2000

3. OPERATING PROFIT

This is stated after charging/(crediting):

	2000	1999
	£000	£000
Auditors' remuneration - audit services	24	23
Depreciation (see note 7)	1,428	1,199
Operating lease rentals - land (see note 19)	107	108
Operating lease rentals - other (see note 19)	2,160	1,839
Port improvement grants released (see note 13)	(130)	(130)
Profit on sale of tangible fixed assets	54	-

The remuneration of the auditors in respect of non-audit services for the company and its subsidiaries amounted to £14,000 (1999 - £23,000).

4. STAFF COSTS

	2000	1999
	No.	No.
Average monthly number of employees:		
Administration and supervisory	16	19
Operational and maintenance	171	175
	187	194

Staff costs:	£000	£000
Wages and salaries	4,570	4,556
Social security costs	444	395
Net pension credit	(981)	(279)
	4,033	4,672

Directors' remuneration:

	2000	1999
	£000	£000
J Craig	1	73
J Hodgkinson	36	71
M Mackay	99	-
M Semple	57	82
	193	226

T Allison, E Davidson, D Green and P Lawwell are also directors of the holding company and fellow subsidiaries and received total remuneration of £574,000 (1999 - £425,000), all of which was paid by the holding company or one of its subsidiaries. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding company and fellow subsidiary companies. Details of directors' remuneration are disclosed in the accounts of the holding company.

Clydeport Operations Limited

NOTES TO THE ACCOUNTS at 31 December 2000

5. INTEREST CHARGES

	2000 £000	1999 £000
Interest payable on bank loans and overdraft	20	36
Interest payable on other loans	122	122
	<u>142</u>	<u>158</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £000	1999 £000
Based on the profit for the year:		
Corporation tax at 30.25% (1999 - 31%)	2,773	2,850
Deferred taxation	482	(278)
	<u>3,255</u>	<u>2,572</u>
Adjustments in respect of prior years:		
Corporation tax	(185)	(26)
Deferred taxation	83	(27)
	<u>3,153</u>	<u>2,519</u>

7. TANGIBLE FIXED ASSETS

Group	Land, buildings, docks and quays £000	Dredging and navigation aids £000	Plant and machinery £000	Total £000
Cost or valuation:				
At 1 January 2000	34,255	3,620	18,808	56,683
Additions	1,383	65	1,206	2,654
Disposals	-	-	(162)	(162)
At 31 December 2000	<u>35,638</u>	<u>3,685</u>	<u>19,852</u>	<u>59,175</u>
Depreciation:				
At 1 January 2000	14,028	2,986	10,156	27,170
Provided during year	503	33	892	1,428
Disposals	-	-	(118)	(118)
At 31 December 2000	<u>14,531</u>	<u>3,019</u>	<u>10,930</u>	<u>28,480</u>
Net book value:				
At 31 December 2000	<u>21,107</u>	<u>666</u>	<u>8,922</u>	<u>30,695</u>
At 1 January 2000	<u>20,227</u>	<u>634</u>	<u>8,652</u>	<u>29,513</u>

Clydeport Operations Limited

NOTES TO THE ACCOUNTS at 31 December 2000

7. TANGIBLE FIXED ASSETS (continued)

<i>Company</i>	<i>Land, buildings, docks and quays £000</i>	<i>Dredging and navigation aids £000</i>	<i>Plant and machinery £000</i>	<i>Total £000</i>
Cost or valuation:				
At 1 January 2000	32,428	2,868	14,466	49,762
Re-classification	(2,758)	-	2,758	-
Additions	1,383	65	1,206	2,654
Disposals	-	-	(162)	(162)
At 31 December 2000	31,053	2,933	18,268	52,254
Depreciation:				
At 1 January 2000	11,953	2,659	8,573	23,185
Provided during year	434	19	892	1,345
Disposals	-	-	(118)	(118)
At 31 December 2000	12,387	2,678	9,347	24,412
Net book value:				
At 31 December 2000	18,666	255	8,921	27,842
At 1 January 2000	20,475	209	5,893	26,577

Group and Company

The net book value of land, buildings, docks and quays comprises:

	<i>2000 £000</i>	<i>Group 1999 £000</i>	<i>2000 £000</i>	<i>Company 1999 £000</i>
Heritable properties	16,050	14,996	13,609	15,244
Long leasehold properties (net of a provision for diminution in value)	5,057	5,231	5,057	5,231
	21,107	20,227	18,666	20,475

Included in land, buildings, docks and quays at 31 December 2000 is land valued in 1971 at £1,971,000 for which the historical cost was £494,000.

Clydeport Operations Limited

NOTES TO THE ACCOUNTS at 31 December 2000

8. INVESTMENT IN SUBSIDIARIES

	<i>Shares £000</i>
Cost or valuation:	
At 1 January 2000	4,357
Revaluation	745
At 31 December 2000	<u>5,102</u>

The investments in shares of subsidiaries were revalued at 31 December 2000 to reflect the underlying net asset values at that date. The historical cost of shares in subsidiaries at 31 December 2000 was £2,917,000 (1999 - £2,917,000).

The principal subsidiaries of the Group, all of which are wholly owned, are:

	<i>Nature of business</i>
Ardrossan Harbour Company Limited	Port facilities
Hunterston Bulk Handling Limited	Port facilities
Clydeport Shipping Limited	Shipping services

9. DEBTORS

	<i>2000 £000</i>	<i>Group 1999 £000</i>	<i>2000 £000</i>	<i>Company 1999 £000</i>
Trade debtors	4,236	2,989	3,785	2,514
Amounts due by parent company	28,028	23,901	28,870	24,712
Amount due by fellow subsidiary	757	623	-	-
Loan to fellow subsidiary	199	199	-	-
Amounts due by subsidiaries	-	-	3,809	2,135
Other debtors	639	872	638	872
Prepayments and accrued income	2,618	1,682	2,549	1,655
	<u>36,477</u>	<u>30,266</u>	<u>39,651</u>	<u>31,888</u>

Amounts falling due after more than one year included above are:

Included in prepayments and accrued income:

Pension prepayment	2,132	1,142	2,132	1,142
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Clydeport Operations Limited

NOTES TO THE ACCOUNTS at 31 December 2000

10. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2000	1999	2000	1999
	£000	£000	£000	£000
Trade creditors	1,797	1,599	1,797	1,599
Amounts due to fellow subsidiaries	8,689	9,224	11,094	10,924
Corporation tax	1,081	1,079	774	1,011
Other taxes and social security costs	207	376	206	376
Other creditors	1,058	634	993	634
Accruals	1,544	980	1,098	868
Deferred income	591	1,088	591	1,088
	<u>14,967</u>	<u>14,980</u>	<u>16,553</u>	<u>16,500</u>

11. IRREDEEMABLE STOCK

	<i>Group</i>		<i>Company</i>	
	2000	1999	2000	1999
	£000	£000	£000	£000
3% Irredeemable stock	1,467	1,468	1,467	1,468
4% Irredeemable stock	1,866	1,866	1,866	1,866
4½% Irredeemable debenture stock	68	68	-	-
	<u>3,401</u>	<u>3,402</u>	<u>3,333</u>	<u>3,334</u>

The irredeemable stock issues have no fixed redemption dates and can only be redeemed with the agreement of the respective stockholders. Stockholders have no rights to demand redemption.

12. DEFERRED TAXATION

Deferred taxation provided in the accounts are as follows:

	<i>Group</i>		<i>Company</i>	
<i>Provided</i>	2000	1999	2000	1999
	£000	£000	£000	£000
Capital allowances in advance of depreciation	2,781	2,633	2,446	2,306
Other timing differences	584	167	584	167
	<u>3,365</u>	<u>2,800</u>	<u>3,030</u>	<u>2,473</u>

Clydeport Operations Limited

NOTES TO THE ACCOUNTS at 31 December 2000

13. PORT IMPROVEMENT GRANTS

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January	4,514	4,644	3,271	3,369
Released	(130)	(130)	(97)	(98)
At 31 December	<u>4,384</u>	<u>4,514</u>	<u>3,174</u>	<u>3,271</u>

Grants may be repayable in whole or in part if conditions relating to the award of such grants are not met. However, the directors are not aware of any instances where such conditions have not been met. The directors, therefore, do not consider it practicable to estimate the financial effect of any potential repayment.

14. CALLED UP SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of 25p each	800	800	200	200

15. RESERVES

<i>Group</i>	<i>Revaluation reserve £000</i>	<i>Profit and loss £000</i>
At 1 January 2000:		
Retained profit	1,477	47,258
	-	7,898
At 31 December 2000	<u>1,477</u>	<u>55,156</u>
<i>Company</i>	<i>£000</i>	<i>£000</i>
At 1 January 2000	5,675	43,060
Revaluation of investments in subsidiaries	745	-
Retained profit	-	7,153
At 31 December 2000	<u>6,420</u>	<u>50,213</u>

Clydeport Operations Limited

NOTES TO THE ACCOUNTS at 31 December 2000

16. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

<i>Group</i>	<i>2000</i> <i>£000</i>	<i>1999</i> <i>£000</i>
Total recognised gains and losses	7,898	8,750
Shareholders' funds at 1 January	48,735	39,985
Shareholders' funds at 31 December	<u>56,633</u>	<u>48,735</u>

Shareholders' funds are entirely attributable to equity interests.

17. PENSION COMMITMENTS

The group operates a contributory pension scheme, the Clydeport Pension and Life Assurance Scheme, which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group and are under the control of the trustees of the scheme who have appointed professional investment managers to invest the assets of the scheme.

The costs of the scheme are charged to the profit and loss account in such a way as to spread these over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was as at 1 April 2000. 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 to the rates of increase in salaries and dividends. It was assumed that investment returns would be 2% per annum higher than growth in pensionable pay.

At the date of the most recent actuarial valuation the market value of the scheme's assets was £88 million and the actuarial value of those assets represented 153% of the benefits that had accrued to members, after allowing for expected future increases in earnings. As a result of this surplus there was a pension credit for the year of £990,000 (1999 - £294,000).

An analysis of the net pension credit for the group was as follows:

	<i>2000</i> <i>£000</i>	<i>1999</i> <i>£000</i>
Amortisation of past services surpluses including interest	2,342	1,083
Regular annual cost of providing current and future service benefits	(1,352)	(785)
Total added to prepayment of pension contributions	<u>990</u>	<u>298</u>
Cost of pension benefits in other group schemes (see below)	<u>(9)</u>	<u>(19)</u>
	<u>981</u>	<u>279</u>

The group also contributes to The Pilots' National Pension Fund, a defined benefit scheme, on behalf of the group's pilots. The assets of the scheme are invested independently of the companies concerned and the funds are administered by independent trustees. Due to the nature of the scheme the amount contributed is the best estimate of the annual pension charge. The pension charge for the period was £9,000 (1999 - £19,000).

18. CAPITAL COMMITMENTS

	<i>Group</i> <i>2000</i> <i>£000</i>	<i>Group</i> <i>1999</i> <i>£000</i>	<i>Company</i> <i>2000</i> <i>£000</i>	<i>Company</i> <i>1999</i> <i>£000</i>
Contracted, but not provided for	<u>381</u>	<u>457</u>	<u>381</u>	<u>457</u>

Clydeport Operations Limited

NOTES TO THE ACCOUNTS at 31 December 2000

19. FINANCIAL COMMITMENTS

The commitments under non-cancellable operating leases are as follows:

Group and company

	2000 £000	1999 £000
Operating leases for land which expire: over five years	107	108
Other operating leases: within one year	2,160	1,839

20. CONTINGENT LIABILITIES

The group may become liable, as tenants of three leased areas, for removal of certain installations and re-instatement of those sites on termination of the leases. Upon termination of these leases in 2074 and 2075 the lessors have the option to take over such installations, in which case any such liability would not arise. The extent to which any such liability may arise cannot therefore presently be determined. Accordingly, no provision or security has been provided in connection therewith. Under the terms of two of the leases the group is entitled to break each lease during or after 2015. Under the terms of the other lease the group is entitled to break that lease during or after 2006.

21. ULTIMATE PARENT UNDERTAKING

The directors report that Clydeport plc (registered in Scotland) is the company's ultimate parent undertaking. This is the only parent undertaking for which group accounts are drawn up and of which the company is a member. The address from which copies of these group accounts are available to the public is: The Registrar of Companies, Companies House, Argyle House, 37 Castle Terrace, Edinburgh, EH1.