

Northern Trust Company Limited

**Directors' report and financial
statements**

Registered number 735621

31 March 2011

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Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2011

Principal activities

The principal activities of the company during the year were property investment and development

Business review

Principal risks and uncertainties

The main uncertainties associated with this business are rental and occupancy levels. The directors believe that these present both risks and opportunities to the business.

Performance and development during the year including key performance indicators

The directors prepare a detailed annual budget and monitor performance against this budget.

Additionally the directors monitor key performance indicators to ensure they are within acceptable parameters, these include:

- Rental and occupancy levels
- Operating profit
- Cash generated from operating activities

Position at the end of the year

The company has a sound financial base and sufficient financial resources to meet the business's requirements.

Results and dividends

The retained profit after taxation for the financial year is £7,394,000 (2010: £6,470,000). The directors do not recommend the payment of a final dividend (2010: £nil).

Directors

The directors who held office during the year were as follows:

PL Hemmings
PG Hemmings
TR Parkinson
JC Kay
MJ Grindrod
MJ Riding

Going concern

The directors continue to adopt the going concern basis in preparing these financial statements, as set out in note 1.

Director's report *(continued)*

Employees

The company's activities are geographically spread and local managers are responsible for employee relations and development on a day to day basis. This is supported by regular visits by senior executives who are available to explain and provide employees with information on matters of concern to them as employees and to enable their views to be taken into account.

It is the policy and practice of the company to give equal consideration to applications for employment from disabled persons having regard to the particular aptitudes and abilities of the applicants concerned. The services of any existing employee who becomes disabled are retained wherever practicable.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



PL Hemmings
Director

Lynton House
Ackhurst Park
CHORLEY
Lancashire
PR7 1NY

23 09. 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditor's report to the members of Northern Trust Company Limited

We have audited the financial statements of Northern Trust Company Limited for the year ended 31 March 2011 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

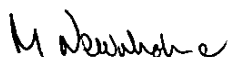
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Northern Trust Company Limited (*Continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



M Newsholme (Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
Preston

26 September

2011

Profit and loss account

for the year ended 31 March 2011

	Note	2011 £000	2010 £000
Turnover	1	36,402	36,153
Cost of sales		(10,145)	(10,113)
Gross profit		26,257	26,040
Administrative expenses		(4,355)	(4,630)
Other operating (expense)/income	2	(322)	337
Operating profit	3	21,580	21,747
Interest receivable and similar income	6	-	1
Interest payable and similar charges	7	(14,292)	(14,602)
Profit on ordinary activities before taxation		7,288	7,146
Taxation on profit on ordinary activities	8	106	(676)
Profit for the year	15	7,394	6,470

Statement of total recognised gains and losses

for the year ended 31 March 2011

		2011 £000	2010 £000
Profit for the financial year		7,394	6,470
Unrealised deficit on revaluation of investment properties	9	(7,756)	(5,963)
		(362)	507

Statement of historical cost profit and losses

for the year ended 31 March 2011

	2011 £000	2010 £000
Reported profit on ordinary activities before taxation	7,288	7,146
Realisation of property revaluations of earlier years	4,257	807
Historical cost profit on ordinary activities before taxation	11,545	7,953
Historical cost profit for the year retained after taxation and dividends	11,651	7,277

Balance sheet

as at 31 March 2011

	Note	2011		2010	
		£000	£000	Restated £000	Restated £000
Fixed assets					
Tangible assets	9		372,310		381,871
Investments	10		503		503
			<u>372,813</u>		<u>382,374</u>
Current assets					
Debtors	11	9,397		8,412	
Cash at bank and in hand		3,978		1,880	
		<u>13,375</u>		<u>10,292</u>	
Creditors: amounts falling due within one year	12	(9,708)		(9,192)	
Net current assets			<u>3,667</u>		<u>1,100</u>
Total assets less current liabilities			<u>376,480</u>		<u>383,474</u>
Creditors: amounts falling due after more than one year	12		(248,321)		(254,871)
Provisions for liabilities and charges	13		(3,136)		(3,218)
Net assets			<u>125,023</u>		<u>125,385</u>
Capital and reserves					
Called up share capital	14		1,005		1,005
Share premium account	15		145		145
Investment property revaluation reserve	15		96,212		108,226
Profit and loss account	15		27,661		16,009
Equity shareholders' funds	16		<u>125,023</u>		<u>125,385</u>

Approved by the board of directors on 23 09. 2011 and signed on its behalf by



PL Hemmings
Director

Registered number 735621

Notes to the financial statements

1 Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Going concern

The company participates in the centralised treasury and banking arrangements of Northern Trust Group Limited and fellow subsidiaries. The directors, after appropriate enquiry, have no reason to believe that Northern Trust Group Limited and its fellow subsidiaries will not continue to provide support as appropriate and, on this basis, they have continued to adopt the going concern basis in preparing the financial statements.

Restatement of prior year balance sheet

In the prior year, the company did not include cash held on in its behalf by its agent Whittle Jones Group Limited in the balance sheet. Instead it recognised a debtor for the amount due.

In the current year, the Directors have reviewed and changed this presentation as they consider it more appropriate to include this cash balance in the company balance sheet as the company acts in the capacity of principal and has legal rights to the cash held, along with risks or rewards relating to it.

In order to present the financial statements on a consistent basis, the prior year balance sheet has been restated such that cash has been increased by £1,476,000, amounts owed to group undertakings increased by £1,635,000 and trade debtors have increased by £159,000 with no effect on profit or loss for the year.

Related party transactions

As the company is a wholly owned subsidiary of Northern Trust Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. All turnover arises in the United Kingdom.

Tangible fixed assets and depreciation

Investment properties have been revalued to open market value in accordance with Statement of Standard Accounting Practice ("SSAP") 19.

No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over twenty years to run. This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate.

Notes (continued)

1 Statement of accounting policies (continued)

Tangible fixed assets and depreciation (continued)

The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

No depreciation is provided on freehold and long leasehold land. The cost or valuation of other tangible fixed assets less their estimated residual value is written off on a straight line basis over their useful lives. The principal annual rates in use are:

Plant and machinery	-	25%
Fixtures and fittings	-	20%
Motor vehicles	-	25%
CCTV	-	10%

Government grants

Grants in respect of capital expenditure on assets which are depreciated are treated as deferred income. Where the grants are in respect of assets which are depreciated, the grants are held as deferred income and amortised in line with the depreciation of those assets. Where the grants relate to assets which are not depreciated, the grants are held as deferred income and released to the profit and loss account on sale of the assets to which they relate.

Investments

Investments are stated at cost less provision for any permanent diminution in values.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision without discounting is made for deferred taxation in accordance with FRS 19.

Pensions

The company makes employer contributions to defined contribution pension schemes on behalf of certain of its employees. Contributions are charged to the profit and loss account as they become payable.

2 Other operating (expenses)/income

Other operating (expenses)/income forms part of the company's normal trading activities and comprises profit on disposal of investment properties as follows:

	2011 £000	2010 £000
(Loss)/profit on disposal of investment properties	(322)	250
Profit on disposal of associated company	-	85
Profit on disposal of other fixed assets	-	2
	<u>(322)</u>	<u>337</u>

Notes (continued)

3 Operating profit

	2011 £000	2010 £000
<i>Operating profit is stated after crediting</i>		
Property rents receivable <i>after charging</i>	30,891	30,790
Depreciation		
- owned assets	306	283
Auditor s remuneration		
- in respect of the statutory audit of these financial statements	38	39
- in respect of taxation services provided	80	82

4 Staff numbers and costs

The average number of persons employed by the company during the year (including directors) was

	2011 Number	2010 Number
Management and administration	43	36

	2011 £000	2010 £000
<i>Employee costs (including directors)·</i>		
Wages and salaries	1,380	1,233
Social security costs	141	135
Other pension costs	100	76
	1,621	1,444

5 Directors' remuneration

Directors' remuneration of £407,000 (2010 £344,000) includes pension scheme contributions of £22,000 (2010 £19,000). The number of directors to whom benefits are accruing under the defined contribution schemes is three (2010 three).

The aggregate of emoluments and benefits received by the highest paid director was £138,000 (2010 £108,000) and company pension contributions of £8,000 (2010 £7,000) were made on his behalf.

6 Interest receivable and similar income

	2011 £000	2010 £000
On other loans	-	1

Notes (continued)

7 Interest payable and similar charges

	2011	2010
	£000	£000
On loans from group undertakings	14,292	14,602

8 Taxation on profit on ordinary activities

	2011	2010
	£000	£000
UK Corporation tax at 28% (2010 28%)	(24)	(1,291)
Current tax credit for the year	(24)	(1,291)
Movement in deferred tax	(82)	1,967
Tax (credit)/charge for the year	(106)	676
	2011	2010
	£000	£000
Profit on ordinary activities before taxation	7,288	7,146
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 28%)	2,041	2,001
Effects of		
Income not taxable	(151)	(543)
Chargeable gains	36	-
Other short term timing differences	(8)	-
Capital allowances for period in excess of depreciation	(328)	(460)
Expenses not deductible for tax purposes	10	18
Utilisation of tax losses	(4,400)	(2,307)
Group relief surrendered	2,800	1,291
Payment receivable in respect of group relief	(1,875)	(1,291)
Adjustment relating to prior years	1,851	-
Current tax credit for the year	(24)	(1,291)

Notes (continued)

9 Tangible fixed assets

	Land and buildings		Plant and equipment	Total
	Freehold	Long leasehold		
	£000	£000	£000	£000
<i>Cost or valuation</i>				
At 1 April 2010	292,893	87,830	2,458	383,181
Additions	3,605	63	105	3,773
Disposals	(5,272)	-	-	(5,272)
Revaluation	(4,519)	(3,237)	-	(7,756)
At 31 March 2011	<u>286,707</u>	<u>84,656</u>	<u>2,563</u>	<u>373,926</u>
<i>Depreciation</i>				
At 1 April 2010	-	-	1,310	1,310
Charge for year	-	-	306	306
At 31 March 2011	<u>-</u>	<u>-</u>	<u>1,616</u>	<u>1,616</u>
<i>Net book value</i>				
At 31 March 2011	<u>286,707</u>	<u>84,656</u>	<u>947</u>	<u>372,310</u>
At 1 April 2010	<u>292,893</u>	<u>87,830</u>	<u>1,148</u>	<u>381,871</u>

Included within land and buildings are investment properties with a book value of £370,159,000 (2010 £379,426,000). At 31 March 2011, these properties were revalued to open market value by the directors.

If stated under historical cost principles the comparable amounts for land and buildings would be

	2011	2010
	£000	£000
Cost	<u>275,151</u>	<u>272,427</u>

The historic cost of freehold and long leasehold land and buildings includes £274,261 (2010 £271,607) of investment properties.

Notes (continued)

10 Fixed asset investments

	Shares in subsidiary undertakings £000
Cost	
At 1 April 2010 and 31 March 2011	503
Provision	
At 1 April 2010 and 31 March 2011	-
Net book value	
At 1 April 2011 and 31 March 2010	503

The company's principal operating subsidiary undertakings at 31 March 2011 are set out below. All operate in the United Kingdom and are registered in England.

Company	Class of capital and percentage held	Activity
<i>Subsidiary undertakings</i>		
Metacre Limited	Ordinary 100%	Land and property investment
Whittle Jones Group Limited	Ordinary 100%	Chartered surveyor

11 Debtors

	2011	2010 Restated
	£000	£000
Trade debtors	6,480	4,185
Other debtors	2,646	3,805
Prepayments and accrued income	271	422
	<u>9,397</u>	<u>8,412</u>

Other debtors includes an amount of £2,004,000 (2010 £1,488,000) due from Trust Inns Limited as payment for the surrender of group taxation losses (see note 19).

Notes (continued)

12 Creditors

	2011	2010
	£000	Restated £000
<i>Amounts falling due within one year:</i>		
Trade creditors	57	126
Amounts owed to group undertakings	1,545	1,930
Other taxes and social security	1,563	777
Accruals and deferred income	6,370	6,074
Other creditors	173	285
	<u>9,708</u>	<u>9,192</u>
<i>Amounts falling due after one year:</i>		
Amounts owed to group undertakings	235,985	242,552
Accruals and deferred income	12,336	12,319
	<u>248,321</u>	<u>254,871</u>

The loans from group undertakings bear interest at market rates and are due for repayment within five years

13 Provision for liabilities and charges

	2011	2010
	£000	£000
Deferred taxation		
At beginning of year	3,218	1,251
(Credit)/charge to the profit and loss account	(82)	1,967
At end of year	<u>3,136</u>	<u>3,218</u>

The elements of deferred taxation are as follows

	2011	2010
	£000	£000
Balancing charges on the disposal of properties and accelerated capital allowances	3,584	3,381
Short term timing differences	(2)	(5)
Losses and other deductions	(446)	(158)
Deferred tax liability	<u>3,136</u>	<u>3,218</u>

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011. This change became substantively enacted on 23 March 2011 and therefore the effect of the rate reduction creates a reduction in the deferred tax liability which has been included in the figures above. The chancellor also proposed changes to further reduce the main rate of corporation tax by 1% per annum to 23% by 1 April 2014. The second reduction to 25% was substantially enacted on 5 July 2011 and therefore is not included in the figures above.

Notes (continued)

14 Called up share capital

	2011 £000	2010 £000
<i>Authorised</i>		
10,000,000 ordinary shares of £0.25 each	2,500	2,500
<i>Allotted and fully paid</i>		
4,021,431 ordinary shares of £0.25 each	1,005	1,005

15 Reserves

	Share premium account £000	Investment property revaluation reserve £000	Profit and loss account £000
At 1 April 2010	145	108,226	16,009
Retained profit	-	-	7,394
Revaluation	-	(7,756)	-
Realised surplus on disposal of investment property	-	(4,258)	4,258
At 31 March 2011	145	96,212	27,661

16 Reconciliation of movement in shareholders' funds

	2011 £000	2010 £000
Deficit on revaluation of investment properties	(7,756)	(5,963)
Profit for the financial year	7,394	6,470
Shareholders' funds at beginning of year	125,385	124,878
Shareholders' funds at end of year	125,023	125,385

17 Pensions

Certain of the company's employees are members of defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension costs charge represents pension contributions payable by the company to the funds and amounted to £100,000 (2010 £76,000). There were contributions outstanding at the end of the financial year of £8,000 (2010 £4,000).

18 Contingent liabilities

The company is party to group banking arrangements for Northern Trust Group Limited. Consequently, it is jointly and severally liable for the loans and overdrafts of Northern Trust Group Limited and certain of its subsidiary undertakings. At 31 March 2011 the net liability under this guarantee across the group, inclusive of the company's own borrowings, amounted to £276,422,000 (2010 £281,952,000).

Notes *(continued)*

19 Related party transactions

During the year the company received rental income of £60,000 (2010 £60,000) from Edenbridge Mill Limited and its subsidiaries

During the year the company paid fees of £989,000 (2010 £1,254,000) to Hemway Limited

During the year the company received rental income of £46,000 (2010 £108,000) from Crown Leisure Limited

During the year the company received rental income of £79,000 (2010 £79,000) from Trust Inns Limited

During the year the group surrendered tax losses of £1,812,000 (2010 £1,291,000) to Trust Inns Limited. At the year end an amount of £2,004,000 (2010 £1,448,000) was due from Trust Inns Limited in respect of tax losses surrendered

The family interests of Mr TJ Hemmings are shareholders in the ultimate parent company of Northern Trust Company Limited and the above companies or their ultimate parent company

20 Ultimate parent company

The ultimate parent company in the UK is Northern Trust Group Limited, a company registered in England and Wales

The largest and smallest group in which the results of the company are consolidated is that headed by Northern Trust Group Limited. The consolidated financial statements of Northern Trust Group Limited are available to the public and may be obtained from

The Registrar of Companies
Companies House
Crown Way
CARDIFF
CF14 3UZ