

Northern Trust Company Limited

**Directors' report and financial
statements**

Registered number 735621

31 March 2012



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Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2012

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 £10,858,000 (2011 £7,394,000). During the year, a dividend of £33,500,000 was declared and paid (2011 £nil).

Directors

The directors who held office during the year were as follows

PL Hemmings
PG Hemmings
TR Parkinson
JC Kay
MJ Grindrod
K Revitt (Appointed 17 April 2012)
MJ Riding (Resigned 7 December 2011)

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



JC Kay
Director

Lynton House
Ackhurst Park
CHORLEY
Lancashire
PR7 1NY

26 September 2012

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

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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 2012 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 auditor's 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 auditor

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 2012 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

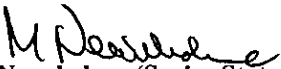
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's 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

28 September 2012

Profit and loss account

for the year ended 31 March 2012

	Note	2012 £000	2011 £000
Turnover	1	36,658	36,402
Cost of sales		(11,043)	(10,145)
Gross profit		25,615	26,257
Administrative expenses		(4,608)	(4,355)
Other operating income/(expense)	2	161	(322)
Operating profit	3	21,168	21,580
Exceptional costs		(1,000)	-
Income from shares in group undertakings		6,000	-
Interest payable and similar charges	6	(13,787)	(14,292)
Profit on ordinary activities before taxation		12,381	7,288
Taxation on profit on ordinary activities	7	(1,523)	106
Profit for the year	14	10,858	7,394

Statement of total recognised gains and losses

for the year ended 31 March 2012

		2012 £000	2011 £000
Profit for the financial year		10,858	7,394
Unrealised deficit on revaluation of investment properties	8	(6,805)	(7,756)
		4,053	(362)

Statement of historical cost profit and losses

for the year ended 31 March 2012

		2012 £000	2011 £000
Reported profit on ordinary activities before taxation		12,381	7,288
Realisation of property revaluations of earlier years		1,183	4,257
Historical cost profit on ordinary activities before taxation		13,564	11,545
Historical cost profit for the year retained after taxation and dividends		12,041	11,651

Balance sheet

as at 31 March 2012

	Note	2012	2011
		£000	£000
Fixed assets			
Tangible assets	8	362,558	372,310
Investments	9	503	503
		<u>363,061</u>	<u>372,813</u>
Current assets			
Debtors	10	13,058	9,397
Cash at bank and in hand		1,538	3,978
		<u>14,596</u>	<u>13,375</u>
Creditors: amounts falling due within one year	11	9,139	(9,708)
		<u>5,457</u>	<u>3,667</u>
Net current assets			
		<u>368,518</u>	<u>376,480</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	11	(269,397)	(248,321)
Provisions for liabilities and charges	12	(3,545)	(3,136)
		<u>95,576</u>	<u>125,023</u>
Net assets			
		<u>95,576</u>	<u>125,023</u>
Capital and reserves			
Called up share capital	13	1,005	1,005
Share premium account	14	145	145
Investment property revaluation reserve	14	88,224	96,212
Profit and loss account	14	6,202	27,661
		<u>95,576</u>	<u>125,023</u>
Equity shareholders' funds	15	<u>95,576</u>	<u>125,023</u>

Approved by the board of directors on 26/09/2012 and signed on its behalf by



JC Kay

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.

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 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 income/(expenses)

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

	2012 £000	2011 £000
Profit/(loss) on disposal of investment properties	161	(322)
	<u>161</u>	<u>(322)</u>

Notes (continued)

3 Operating profit

	2012 £000	2011 £000
<i>Operating profit is stated after crediting</i>		
Property rents receivable	31,243	30,891
<i>after charging</i>		
Depreciation		
- owned assets	300	306
Auditor's remuneration		
- in respect of the statutory audit of these financial statements	16	16
- in respect of taxation services provided	84	80
	<u> </u>	<u> </u>

4 Staff numbers and costs

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

	2012 Number	2011 Number
Management and administration	43	46
	<u> </u>	<u> </u>

	2012 £000	2011 £000
<i>Employee costs (including directors):</i>		
Wages and salaries	1,293	1,334
Social security costs	153	141
Other pension costs	105	100
	<u>1,551</u>	<u>1,575</u>

5 Directors' remuneration

Directors' remuneration of £376,000 (2011 £407,000) includes pension scheme contributions of £20,000 (2011 £22,000). The number of directors to whom benefits are accruing under the defined contribution schemes is three (2011 three).

The aggregate of emoluments and benefits received by the highest paid director was £140,000 (2011 £138,000) and company pension contributions of £7,000 (2011 £8,000) were made on their behalf.

Notes (continued)

6 Interest payable and similar charges

	2012	2011
	£000	£000
On loans from group undertakings	13,787	14,292

7 Taxation on profit on ordinary activities

	2012	2011
	£000	£000
UK Corporation tax at 26% (2011 28%)	1,114	(24)
Current tax credit for the year	1,114	(24)
Movement in deferred tax	409	(82)
Tax (credit)/charge for the year	1,523	(106)
Profit on ordinary activities before taxation	12,381	7,288
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 28%)	3,219	2,041
Effects of		
Income not taxable	(1,560)	(151)
Chargeable gains	(41)	36
Other short term timing differences	20	(8)
Capital allowances for period in excess of depreciation	(256)	(328)
Expenses not deductible for tax purposes	262	10
Utilisation of tax losses	(746)	(4,400)
Group relief surrendered/(claimed)	(899)	2,800
Payment /(receipt) for group relief	1,114	(1,875)
Adjustment relating to prior years	-	1,851
Current tax credit for the year	1,114	(24)

Notes (continued)

8 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 2011	286,707	84,656	2,563	373,926
Additions	2,398	126	220	2,744
Disposals	(4,388)	-	(11)	(4,399)
Revaluation	(5,516)	(1,289)	-	(6,805)
Exceptional write off	(1,000)	-	-	(1,000)
At 31 March 2012	278,201	83,493	2,772	364,466
<i>Depreciation</i>				
At 1 April 2011	-	-	1,616	1,616
Charge for year	-	-	300	300
Disposals	-	-	(8)	(8)
At 31 March 2012	-	-	1,908	1,908
<i>Net book value</i>				
At 31 March 2012	278,201	83,493	864	362,558
At 1 April 2011	286,707	84,656	947	372,310

Included within land and buildings are investment properties with a book value of £360,395,000 (2011 £370,159,000). At 31 March 2012, 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

	2012	2011
	£000	£000
Cost	273,470	275,151

The historic cost of freehold and long leasehold land and buildings includes £272,303,000 (2011 £274,261,000) of investment properties.

Notes (continued)

9 Fixed asset investments

	Shares in subsidiary undertakings £000
Cost	
At 1 April 2011 and 31 March 2012	503
Provision	
At 1 April 2011 and 31 March 2012	-
Net book value	
At 1 April 2011 and 31 March 2012	503

The company's principal operating subsidiary undertakings at 31 March 2012 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

10 Debtors

	2012 £000	2011 £000
Trade debtors	5,243	6,480
Other debtors	2,892	2,646
Prepayments and accrued income	225	271
Amounts owed by group undertakings	4,698	-
	<u>13,058</u>	<u>9,397</u>

Other debtors includes an amount of £nil (2011: £69,000) due from Trust Inns Limited as payment for the surrender of group taxation losses (see note 19).

Notes (continued)

11 Creditors

	2012 £000	2011 £000
<i>Amounts falling due within one year:</i>		
Trade creditors	897	57
Amounts owed to group undertakings	208	1,545
Other taxes and social security	503	1,563
Accruals and deferred income	6,310	6,370
Other creditors	1,221	173
	<u>9,139</u>	<u>9,708</u>
<i>Amounts falling due after one year.</i>		
Amounts owed to group undertakings	257,029	235,985
Accruals and deferred income	12,368	12,336
	<u>269,397</u>	<u>248,321</u>

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

Other creditors includes an amount payable of £1,131,841 (2011 £nil) due to Preston North End Football Club for the payment of group taxation relief

12 Provision for liabilities and charges

	2012 £000	2011 £000
Deferred taxation		
At beginning of year	3,136	3,218
Charge/(credit) to the profit and loss account	409	(82)
At end of year	<u>3,545</u>	<u>3,136</u>

The elements of deferred taxation are as follows

	2012 £000	2011 £000
Balancing charges on the disposal of properties and accelerated capital allowances	3,546	3,584
Short term timing differences	(1)	(2)
Losses and other deductions	-	(446)
Deferred tax liability	<u>3,545</u>	<u>3,136</u>

On 21 March 2012 the Chancellor announced that the main rate of UK corporation tax will reduce from 26% to 24% with effect from 1 April 2012. This change became substantively enacted on 26 March 2012 and therefore the effect of the rate reduction on the deferred tax balances has been included in the figures above.

The Chancellor has also proposed changes to further reduce the main rate of UK corporation tax by 1% per annum to 22% by 1 April 2014. These reductions have not been substantively enacted and the changes are not reflected in the above figures.

Notes (continued)

13 Called up share capital

	2012 £000	2011 £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

14 Reserves

	Share premium account £000	Investment property revaluation reserve £000	Profit and loss account £000
At 1 April 2011	145	96,212	27,661
Retained profit	-	-	10,858
Revaluation	-	(6,805)	-
Realised surplus on disposal of investment property	-	(1,183)	1,183
Dividend	-	-	(33,500)
At 31 March 2012	145	88,224	6,202

15 Reconciliation of movement in shareholders' funds

	2012 £000	2011 £000
Profit for the financial year	10,858	7,394
Deficit on revaluation of investment properties	(6,805)	(7,756)
Dividend	(33,500)	-
Shareholders' funds at beginning of year	125,023	125,385
Shareholders' funds at end of year	95,576	125,023

16 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 £105,000 (2011: £100,000). There were contributions outstanding at the end of the financial year of £8,000 (2011: £8,000).

17 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 2012 the net liability under this guarantee across the group, inclusive of the company's own borrowings, amounted to £259,824,000 (2011: £276,422,000).

Notes (continued)

18 Related party transactions

During the year the company received rental income of £60,000 (2011 £60,000) from Edenbridge Mill Limited and its subsidiaries

During the year the company paid fees of £984,000 (2011 £989,000) to Hemway Limited

During the year the company received rental income of £46,000 (2011 £46,000) from Crown Leisure Limited

During the year the company received rental income of £79,000 (2011 £79,000) from Trust Inns Limited

During the year the company surrendered tax losses of £nil (2011 £1,812,000) to Trust Inns Limited. At the year end an amount of £nil (2011 £69,000) was due from Trust Inns Limited in respect of tax losses surrendered

During the year the company claimed tax losses of £1,114,268 (2011 £nil) from Preston North End Football Club Limited. At the year end an amount of £1,114,268 (2011 £nil) was outstanding in respect of tax losses claimed

During the year the company has incurred and subsequently recharged expenses for the management of property on behalf of Cleator Manor. At the year end an amount of £1,013,473 (2011 £659,207) was outstanding from Cleator Manor

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

19 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