

**Northern Trust Company Limited**

**Directors' report and financial  
statements**

Registered number 735621

31 March 2016



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## Strategic report

### Objectives

To operate a profitable and successful business providing returns to shareholders.

### Strategy

To improve the estate of industrial workshops and offices and related rental returns.

### Performance during the year

Turnover in the year increased to £39.2m (2015: £36.1m), following improvement in the occupational market.

Operating profit before investment property revaluation was £21.2m (2015: £18.7m).

The profit before tax for the year was £45.4m (2015: £33.7m) after credit for investment property revaluation of £38.8m (2015: £28.7m).

The balance sheet has net assets of £139.3m (2015: £97.9m).

### 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

On 19 June 2014 (as set out in Note 1), the group to which the company belongs completed the refinancing of its banking facilities, securing new loan facilities of £238m for a five year term. The company has a sound financial base and sufficient financial resources to meet the business's requirements.

By order of the board



**ML Widders**  
Director

Lynton House  
Ackhurst Park  
CHORLEY  
Lancashire  
PR7 1NY

14 September 2016

## Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2016.

### Principal activities

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

### Results and dividends

The retained profit after taxation for the financial year is £41.5m (2015: £28.4m). No dividend was declared or paid in the year (2015: £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  
ML Widders (appointed 8 June 2016)

### Going concern

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

### 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.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor 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 auditor is 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 auditor is aware of that information.

By order of the board



**ML Widders**  
Director

Lynton House  
Ackhurst Park  
CHORLEY  
Lancashire  
PR7 1NY  
14 September 2016

## **Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements**

The directors are responsible for preparing the strategic report, 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), including FRS 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland.

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 2016 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland.

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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 2016 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 Strategic Report and 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.



**Liam Finnigan** (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*  
Preston

16/9/ 2016

## Profit and loss account and other comprehensive income

for the year ended 31 March 2016

|                                                      | Note | 2016<br>Before<br>investment<br>property<br>revaluation | Investment<br>Property<br>Revaluation | Total<br><br>£000 | 2015<br>Before<br>investment<br>property<br>revaluation | Investment<br>Property<br>Revaluation | Total<br><br>£000 |
|------------------------------------------------------|------|---------------------------------------------------------|---------------------------------------|-------------------|---------------------------------------------------------|---------------------------------------|-------------------|
| <b>Turnover</b>                                      | 1    | 39,237                                                  | -                                     | 39,237            | 36,090                                                  | -                                     | 36,090            |
| Cost of sales                                        |      | (11,538)                                                | -                                     | (11,538)          | (11,288)                                                | -                                     | (11,288)          |
| <b>Gross profit</b>                                  |      | 27,699                                                  | -                                     | 27,699            | 24,802                                                  | -                                     | 24,802            |
| Administrative expenses                              | 3    | (7,142)                                                 | -                                     | (7,142)           | (6,140)                                                 | -                                     | (6,140)           |
| Investment property revaluation                      |      | -                                                       | 38,757                                | 38,757            | -                                                       | 28,650                                | 28,650            |
| Other operating income                               | 2    | 690                                                     | -                                     | 690               | 85                                                      | -                                     | 85                |
| <b>Operating profit</b>                              |      | 21,247                                                  | 38,757                                | 60,004            | 18,747                                                  | 28,650                                | 47,397            |
| Interest receivable and similar income               | 6    | 353                                                     | -                                     | 353               | 358                                                     | -                                     | 358               |
| Interest payable and similar charges                 | 7    | (14,959)                                                | -                                     | (14,959)          | (14,067)                                                | -                                     | (14,067)          |
| <b>Profit on ordinary activities before taxation</b> |      | 6,641                                                   | 38,757                                | 45,398            | 5,038                                                   | 28,650                                | 33,688            |
| Taxation on profit on ordinary activities            | 8    | (1,542)                                                 | (2,406)                               | (3,948)           | (1,984)                                                 | (3,276)                               | (5,260)           |
| <b>Profit for the year</b>                           |      | 5,099                                                   | 36,351                                | 41,450            | 3,054                                                   | 25,374                                | 28,428            |
| <b>Other comprehensive income</b>                    |      | -                                                       | -                                     | -                 | -                                                       | -                                     | -                 |
| <b>Total comprehensive income for the year</b>       |      | 5,099                                                   | 36,351                                | 41,450            | 3,054                                                   | 25,374                                | 28,428            |

## Statement of historical cost profit and losses

for the year ended 31 March 2016

|                                                                                  | 2016<br>£000  | 2015<br>£000  |
|----------------------------------------------------------------------------------|---------------|---------------|
| Reported profit on ordinary activities before taxation                           | 45,398        | 33,688        |
| Realisation of property revaluations of earlier years                            | (639)         | 2,279         |
| <b>Historical cost profit on ordinary activities before taxation</b>             | <b>44,759</b> | <b>35,967</b> |
| <b>Historical cost profit for the year retained after taxation and dividends</b> | <b>40,811</b> | <b>30,707</b> |

The notes on pages 9 to 23 form an integral part of these financial statements.

## Statement of changes in equity

|                                                        | Called up<br>share<br>capital<br>£000 | Share<br>premium<br>£000 | Revaluation<br>reserve<br>£000 | Profit & loss<br>account<br>£000 | Total equity<br>£000 |
|--------------------------------------------------------|---------------------------------------|--------------------------|--------------------------------|----------------------------------|----------------------|
| Balance at 1 April 2014                                | 1,005                                 | 145                      | 74,290                         | (5,987)                          | 69,453               |
| <b>Total comprehensive income for the period</b>       |                                       |                          |                                |                                  |                      |
| Profit or loss                                         | -                                     | -                        | -                              | 28,428                           | 28,428               |
| Investment property revaluation                        | -                                     | -                        | 28,650                         | (28,650)                         | -                    |
| Deferred tax on revaluation                            | -                                     | -                        | (3,276)                        | 3,276                            | -                    |
| Realised surplus on disposal of investment<br>property | -                                     | -                        | (2,279)                        | 2,279                            | -                    |
| <b>Total comprehensive income for the period</b>       | -                                     | -                        | 23,095                         | 5,333                            | 28,428               |
| <b>Balance at 31 March 2015</b>                        | <b>1,005</b>                          | <b>145</b>               | <b>97,385</b>                  | <b>(654)</b>                     | <b>97,881</b>        |
| Balance at 1 April 2015                                | 1,005                                 | 145                      | 97,385                         | (654)                            | 97,881               |
| <b>Total comprehensive income for the period</b>       |                                       |                          |                                |                                  |                      |
| Profit or loss                                         | -                                     | -                        | -                              | 41,450                           | 41,450               |
| Investment property revaluation                        | -                                     | -                        | 38,757                         | (38,757)                         | -                    |
| Deferred tax on revaluation                            | -                                     | -                        | (2,406)                        | 2,406                            | -                    |
| Realised deficit on disposal of investment<br>property | -                                     | -                        | 639                            | (639)                            | -                    |
| <b>Total comprehensive income for the period</b>       | -                                     | -                        | 36,990                         | 4,460                            | 41,450               |
| <b>Balance at 31 March 2016</b>                        | <b>1,005</b>                          | <b>145</b>               | <b>134,375</b>                 | <b>3,806</b>                     | <b>139,331</b>       |

The notes on pages 9 to 23 form an integral part of these financial statements.

## Balance sheet

as at 31 March 2016

|                                                                | Note | 2016          |                | 2015          |                |
|----------------------------------------------------------------|------|---------------|----------------|---------------|----------------|
|                                                                |      | £000          | £000           | £000          | £000           |
| <b>Fixed assets</b>                                            |      |               |                |               |                |
| Tangible fixed assets                                          | 9    |               | 396,916        |               | 358,442        |
| Investments                                                    | 10   |               | -              |               | -              |
|                                                                |      |               | <u>396,916</u> |               | <u>358,442</u> |
| <b>Current assets</b>                                          |      |               |                |               |                |
| Debtors                                                        | 11   | 10,903        |                | 14,655        |                |
| Cash at bank and in hand                                       |      | 15,687        |                | 17,012        |                |
|                                                                |      | <u>26,590</u> |                | <u>31,667</u> |                |
| <b>Creditors: amounts falling due within one year</b>          | 12   | (18,404)      |                | (13,730)      |                |
| <b>Net current assets</b>                                      |      |               | <u>8,186</u>   |               | <u>17,937</u>  |
| <b>Total assets less current liabilities</b>                   |      |               | <u>405,102</u> |               | <u>376,379</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 12   |               | (253,045)      |               | (269,143)      |
| <b>Provisions for liabilities and charges</b>                  | 13   |               | (12,726)       |               | (9,355)        |
| <b>Net assets</b>                                              |      |               | <u>139,331</u> |               | <u>97,881</u>  |
| <b>Capital and reserves</b>                                    |      |               |                |               |                |
| Called up share capital                                        | 14   |               | 1,005          |               | 1,005          |
| Share premium account                                          |      |               | 145            |               | 145            |
| Investment property revaluation reserve                        |      |               | 134,375        |               | 97,385         |
| Profit and loss account                                        |      |               | 3,806          |               | (654)          |
| <b>Equity shareholders' funds</b>                              |      |               | <u>139,331</u> |               | <u>97,881</u>  |

Approved by the board of directors on 14/07/2016 and signed on its behalf by:



**ML Widders**

Director

Registered number 735621

The notes on pages 9 to 23 form an integral part of these financial statements.

## 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.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the company has made three measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Group is provided in note 20.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Lease incentives – for leases commenced before 1 April 2014 the company continued to account for lease incentives under previous UK GAAP.

The company's parent undertaking, Northern Trust Group Limited includes the company in its consolidated financial statements. The consolidated financial statements of Northern Trust Group Limited are available to the public and may be obtained from the address included in note 19. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

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.

#### *Going concern*

The company participates in the centralised treasury and banking arrangements of Northern Trust Group Limited and fellow subsidiaries. The following applies to the funding position of the group:

The group's activities are funded through a combination of bank facilities and cash generated from operations. The group refinanced in June 2014 and secured new loan facilities of £238m for a five year term. Throughout the subsequent period to date, the group has complied with the terms of its facilities.

The directors have prepared detailed forecasts which show that the group will continue to operate within the terms of its facilities for the foreseeable future. On this basis, they have continued to adopt the going concern basis in preparing the financial statements.

## Notes (continued)

### 1 Statement of accounting policies (continued)

#### *Related party transactions*

In accordance with FRS 102, as the company is a wholly owned subsidiary of Northern Trust Group Limited, it 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.

#### *Investment properties*

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Investment properties are held at fair value. Any gains or losses arising from changes in the fair value are recognised as profit or loss in the period that they arise.

Subsequent to initial recognition no depreciation is provided in respect of investment properties applying the fair value model.

#### *Revaluation reserve*

Where tangible fixed assets are revalued or reclassified as investment properties, the cumulative increase in the fair value of the property at the date of reclassification in excess of cost is included in the revaluation reserve.

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less accumulated depreciation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The depreciation rates are as follows:

|                     |                                |
|---------------------|--------------------------------|
| Short leasehold     | - Over the period of the lease |
| CCTV                | - 10%                          |
| Plant and machinery | - 15%                          |
| Computer equipment  | - 20%                          |
| Motor vehicles      | - 25%                          |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

## Notes (continued)

### 1 Statement of accounting policies (continued)

#### *Government grants*

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. Where 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 in subsidiaries are stated at cost less impairment.

#### *Employee benefits*

##### *Defined contribution plans and other long term employee benefits*

The company operates defined contribution pension schemes for the benefit of certain of its employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### *Provisions*

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### *Expenses*

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

#### *Basic Financial Instruments*

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

## Notes (continued)

### 1 Statement of accounting policies (continued)

#### Taxation (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 2 Other operating income

Other operating income forms part of the company's normal trading activities and comprises the following:

|                                             | 2016<br>£000 | 2015<br>£000 |
|---------------------------------------------|--------------|--------------|
| Profit on disposal of investment properties | 696          | 37           |
| Profit on disposal of investments           | -            | 52           |
| Loss on disposal of other fixed assets      | (6)          | (4)          |
|                                             | <u>690</u>   | <u>85</u>    |

### 3 Expenses and auditors remuneration

Administrative expenses include:

|                                                                   | 2016<br>£000 | 2015<br>£000 |
|-------------------------------------------------------------------|--------------|--------------|
| Auditor's remuneration:                                           |              |              |
| - in respect of the statutory audit of these financial statements | 26           | 14           |
| - in respect of taxation services provided                        | 34           | 92           |
| - in respect of other services provided                           | 2            | -            |
|                                                                   | <u></u>      | <u></u>      |

**Notes (continued)**

**4 Staff numbers and costs**

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

|                               | 2016<br>Number | 2015<br>Number |
|-------------------------------|----------------|----------------|
| Operational                   | 30             | 31             |
| Management and administration | 10             | 14             |
|                               | <u>40</u>      | <u>45</u>      |

|                                              | 2016<br>£000 | 2015<br>£000 |
|----------------------------------------------|--------------|--------------|
| <i>Employee costs (including directors):</i> |              |              |
| Wages and salaries                           | 1,590        | 1,658        |
| Social security costs                        | 181          | 189          |
| Other pension costs                          | 85           | 81           |
|                                              | <u>1,856</u> | <u>1,928</u> |

**5 Directors' remuneration**

The remuneration of the company's directors was:-

|                                                              | 2016<br>£000 | 2015<br>£000 |
|--------------------------------------------------------------|--------------|--------------|
| Directors' emoluments for services as directors              | 445          | 462          |
| Company contributions to defined contribution pension scheme | 28           | 27           |
|                                                              | <u>473</u>   | <u>489</u>   |

The number of directors to whom benefits are accruing under the defined contribution schemes is three (2015: three).

The aggregate of emoluments and benefits received by the highest paid director was £162,000 (2015: £169,000) and company pension contributions of £12,000 (2015: £8,000) were made on their behalf.

**6 Interest receivable and similar income**

|                                | 2016<br>£000 | 2015<br>£000 |
|--------------------------------|--------------|--------------|
| On loans to group undertakings | 351          | 348          |
| Bank interest receivable       | 1            | 5            |
| Other interest receivable      | 1            | 5            |
|                                | <u>353</u>   | <u>358</u>   |

**Notes (continued)**

**7 Interest payable and similar charges**

|                                  | 2016<br>£000  | 2015<br>£000  |
|----------------------------------|---------------|---------------|
| Bank interest                    | 13,293        | 9,334         |
| On loans from group undertakings | 1,666         | 4,733         |
|                                  | <u>14,959</u> | <u>14,067</u> |

**8 Taxation on profit on ordinary activities**

|                                        | 2016<br>£000 | 2015<br>£000 |
|----------------------------------------|--------------|--------------|
| UK Corporation tax at 20 % (2015: 21%) |              |              |
| Current year                           | 705          | 503          |
| Adjustment relating to prior year      | (128)        | 14           |
|                                        | <u>577</u>   | <u>517</u>   |
| Current tax charge for the year        | 3,371        | 4,743        |
| Movement in deferred tax               |              |              |
|                                        | <u>3,948</u> | <u>5,260</u> |

The current tax charge for the year is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

|                                                                                                               | 2016<br>£000  | 2015<br>£000  |
|---------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Profit on ordinary activities before taxation                                                                 | <u>45,398</u> | <u>33,688</u> |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%) | 9,079         | 7,074         |
| Effects of:                                                                                                   |               |               |
| Adjustment relating to prior period                                                                           | (128)         | 14            |
| Adjustments to tax rates                                                                                      | (1,413)       | (234)         |
| Expenses not deductible for tax purposes                                                                      | 120           | 69            |
| Group relief surrendered                                                                                      | 208           | 346           |
| Payment for group relief                                                                                      | 482           | 556           |
| Fixed asset differences                                                                                       | (4,397)       | (2,554)       |
| Land remediation expenditure                                                                                  | (3)           | (11)          |
|                                                                                                               | <u>3,948</u>  | <u>5,260</u>  |

Reductions in the rate of UK Corporation tax from 23% to 21% (effective from 1 April 2015) and 20% (effective from 1 April 2016) was substantially enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) was substantially enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced on the Budget on 16 March 2016. This will reduce the company's future tax charge accordingly.

**Notes (continued)**

**9 Tangible fixed assets**

|                          | <b>Land and buildings</b>                 |                                  |                                         |                       |
|--------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|-----------------------|
|                          | <b>Investment<br/>Properties<br/>£000</b> | <b>Fixed<br/>Assets<br/>£000</b> | <b>Plant and<br/>equipment<br/>£000</b> | <b>Total<br/>£000</b> |
| <i>Cost or valuation</i> |                                           |                                  |                                         |                       |
| At 1 April 2015          | 356,106                                   | 1,824                            | 2,896                                   | 360,826               |
| Additions                | 4,247                                     | 15                               | 158                                     | 4,420                 |
| Disposals                | (4,302)                                   | -                                | (87)                                    | (4,389)               |
| Intra group transfers    | (200)                                     | -                                | 16                                      | (184)                 |
| Revaluation              | 38,757                                    | -                                | -                                       | 38,757                |
|                          | <hr/>                                     | <hr/>                            | <hr/>                                   | <hr/>                 |
| At 31 March 2016         | 394,608                                   | 1,839                            | 2,983                                   | 399,430               |
|                          | <hr/>                                     | <hr/>                            | <hr/>                                   | <hr/>                 |
| <i>Depreciation</i>      |                                           |                                  |                                         |                       |
| At 1 April 2015          | -                                         | -                                | 2,384                                   | 2,384                 |
| Charge for year          | -                                         | -                                | 197                                     | 197                   |
| Intra group transfers    | -                                         | -                                | 13                                      | 13                    |
| Disposals                | -                                         | -                                | (80)                                    | (80)                  |
|                          | <hr/>                                     | <hr/>                            | <hr/>                                   | <hr/>                 |
| At 31 March 2016         | -                                         | -                                | 2,514                                   | 2,514                 |
|                          | <hr/>                                     | <hr/>                            | <hr/>                                   | <hr/>                 |
| <i>Net book value</i>    |                                           |                                  |                                         |                       |
| At 31 March 2016         | <b>394,608</b>                            | <b>1,839</b>                     | <b>469</b>                              | <b>396,916</b>        |
|                          | <hr/>                                     | <hr/>                            | <hr/>                                   | <hr/>                 |
| <i>Net book value</i>    |                                           |                                  |                                         |                       |
| At 1 April 2015          | 356,106                                   | 1,824                            | 512                                     | 358,442               |
|                          | <hr/>                                     | <hr/>                            | <hr/>                                   | <hr/>                 |

At 31 March 2016 the investment properties were revalued to open market value by the directors.

If stated under historical cost principles the comparable amounts for investment properties would be:

|      | <b>2016<br/>£000</b> | <b>2015<br/>£000</b> |
|------|----------------------|----------------------|
| Cost | <b>250,445</b>       | <b>251,339</b>       |
|      | <hr/>                | <hr/>                |

**Notes (continued)**

**10 Fixed asset investments**

|                                | Shares in<br>subsidiary<br>undertakings<br>£000 |
|--------------------------------|-------------------------------------------------|
| <i>Cost</i>                    |                                                 |
| 1 April 2016 and 31 March 2016 | 503                                             |
| <i>Provision</i>               |                                                 |
| 1 April 2015 and 31 March 2016 | 503                                             |
| <i>Net book value</i>          |                                                 |
| 31 March 2016                  | -                                               |
| 1 April 2015                   | -                                               |

The company's principal operating subsidiary undertakings at 31 March 2016 are set out below. All operate in the United Kingdom and are registered in England.

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

**11 Debtors**

|                                    | 2016<br>£000  | 2015<br>£000  |
|------------------------------------|---------------|---------------|
| Trade debtors                      | 2,586         | 2,435         |
| Other debtors                      | 3,031         | 3,361         |
| Prepayments and accrued income     | 4,324         | 5,370         |
| Amounts owed by group undertakings | 390           | 2,414         |
| Amounts owed by related parties    | 572           | 1,075         |
|                                    | <u>10,903</u> | <u>14,655</u> |

**Notes (continued)**

**12 Creditors**

|                                             | 2016<br>£000   | 2015<br>£000   |
|---------------------------------------------|----------------|----------------|
| <i>Amounts falling due within one year:</i> |                |                |
| Trade creditors                             | 1,474          | 1,321          |
| Bank loan                                   | 5,800          | -              |
| Amounts owed to related parties             | 354            | 505            |
| Other taxes and social security             | 1,206          | 1,340          |
| Accruals and deferred income                | 6,738          | 7,811          |
| Other creditors                             | 278            | 58             |
| Interest payable                            | 2,554          | 2,695          |
|                                             | <u>18,404</u>  | <u>13,730</u>  |
| <i>Amounts falling due after one year:</i>  |                |                |
| Amounts owed to group undertakings          | 28,717         | 26,188         |
| Bank loan                                   | 211,479        | 229,307        |
| Accruals and deferred income                | 12,849         | 13,648         |
|                                             | <u>253,045</u> | <u>269,143</u> |

The accruals and deferred income due after one year relates entirely to grants over investment properties.

The bank loan is secured by fixed and floating charge on the group's assets. Interest is payable on the bank loan at a fixed rate of 1.918% plus margin.

Included within bank loans are the following amounts which are repayable by instalments.

|                            | 2016<br>£000   | 2015<br>£000   |
|----------------------------|----------------|----------------|
| Instalments payable:       |                |                |
| Within one year            | 5,800          | -              |
| Between one and two years  | 4,300          | -              |
| Between two and five years | 207,179        | 229,307        |
|                            | <u>217,279</u> | <u>229,307</u> |

The loan is repayable on 20 July 2019 or earlier by way of repayment of a proportion of excess cash and disposal proceeds of land and property assets.

## Notes (continued)

### 13 Provision for liabilities and charges

|                                       | 2016<br>£000 | 2015<br>£000 |
|---------------------------------------|--------------|--------------|
| <b>Deferred taxation</b>              |              |              |
| At beginning of year                  | 9,355        | 4,611        |
| Charge to the profit and loss account | 3,371        | 4,744        |
|                                       | <hr/>        | <hr/>        |
| At end of year                        | 12,726       | 9,355        |
|                                       | <hr/>        | <hr/>        |

The elements of deferred taxation are as follows:

|                                                                                    | 2016<br>£000 | 2015<br>£000 |
|------------------------------------------------------------------------------------|--------------|--------------|
| Balancing charges on the disposal of properties and accelerated capital allowances | 3,187        | 3,449        |
| Short term timing differences                                                      | (2)          | 45           |
| Tax losses carried forward                                                         | (3,001)      | (2,916)      |
| Capital gains                                                                      | 12,542       | 8,777        |
|                                                                                    | <hr/>        | <hr/>        |
| Deferred tax liability                                                             | 12,726       | 9,355        |
|                                                                                    | <hr/>        | <hr/>        |

Reductions in the rate of UK Corporation tax from 23% to 21% (effective from 1 April 2015) and 20% (effective from 1 April 2016) was substantially enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) was substantially enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced on the Budget on 16 March 2016. This will reduce the company's future tax charge accordingly.

### 14 Called up share capital

|                                          | 2016<br>£000 | 2015<br>£000 |
|------------------------------------------|--------------|--------------|
| <b>Authorised</b>                        |              |              |
| 10,000,000 ordinary shares of £0.25 each | 2,500        | 2,500        |
|                                          | <hr/>        | <hr/>        |
| <b>Allotted and fully paid</b>           |              |              |
| 4,021,431 ordinary shares of £0.25 each  | 1,005        | 1,005        |
|                                          | <hr/>        | <hr/>        |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

### 15 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 £85,000 (2015: £80,000). There were contributions outstanding at the end of the financial year of £11,000 (2015: £9,000).

## Notes (continued)

### 16 Operating leases

Non-cancellable operating lease rentals are payable as follows:

|                            | 2016<br>£000 | 2015<br>£000 |
|----------------------------|--------------|--------------|
| Less than one year         | 8            | 13           |
| Between one and five years | 48           | 61           |
| More than five years       | -            | -            |
|                            | <hr/>        | <hr/>        |
|                            | 56           | 74           |
|                            | <hr/>        | <hr/>        |

During the year £47,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £58,000).

### 17 Contingent liabilities

In the prior year the company was party to group banking arrangements for Northern Trust Group Limited. Consequently it was jointly and severally liable for the loans and overdrafts of Northern Trust Group Limited and certain of its fellow subsidiary undertakings. At 31 March 2015 the liability under this guarantee amounted to £203,133,000. There is no contingent liability as at 31 March 2016.

### 18 Related party transactions

#### *Hemway Limited*

During the year the company paid management fees of £800,000 (2015: £800,000) to Hemway Limited. An amount of £nil (2015: £nil) was outstanding at the year end.

#### *Trust Inns Limited*

During the year the company received rental income of £78,800 (2015: £90,000) from Trust Inns Limited. The company charged fees during the year of £15,000 (2015: £15,000) to Trust Inns Limited for services provided. During the year the company surrendered tax losses of £461,000 (2015: £131,000) to Trust Inns Limited. At the year end an amount of £178,000 (2015: £64,000) was due in respect of tax losses surrendered.

#### *Crown Entertainment Centres Limited*

During the year the company claimed tax losses of £144,000 from Crown Entertainment Centres Limited (2015: surrendered tax losses of £103,000). At the year end an amount of £162,000 (2015: £nil) was outstanding in respect of tax losses claimed.

#### *Crofton Limited*

During the year the company surrendered tax losses of £nil (2015: £1,000) to Crofton Limited. At the year end an amount of £nil (2015: £nil) was due in respect of tax losses surrendered.

#### *Classic Lodges Limited*

During the year the company received rental income from Classic Lodges Limited of £29,900 (2015: £31,000). The group charged fees during the year of £44,000 (2015: £nil) to Classic Lodges Limited for services provided by the group. During the year the group surrendered tax losses of £5,000 to Classic Lodges Limited (2015: claimed tax losses of £91,000). At the year end an amount of £5,268 was due in respect of tax losses surrendered (2015: nil).

#### *Ensco 1156 Limited (formerly Paragon Hotels Limited)*

During the year the company claimed tax losses of £nil (2015: £130,000) from Ensco 1156 Limited (formerly Paragon Hotels Limited). At the year end an amount of £nil (2015: £nil) was outstanding in respect of tax losses claimed.

## Notes (continued)

### 18 Related party transactions (continued)

#### *Cleator Manor Limited*

During the year the company has incurred expenses in relation to a promotional agreement with Cleator Manor Limited. At the year end an amount of £507,000 (2015: £1,011,000) was included in prepayments for costs incurred to date, which are expected to be reimbursed under the promotional agreement.

#### *Trustair Limited*

During the year the company claimed tax losses of £70,000 (2015: £90,000) from Trustair Limited. At the year end an amount of £22,000 (2015: £nil) was outstanding in respect of tax losses claimed. During the year the company incurred expense in relation to hiring aircraft from Trustair Limited of £296,000 (2015: £506,000). Nothing was outstanding in respect of this at the current or prior year end.

#### *Ambrose Hire Limited*

During the year the company surrendered tax losses of £84,000 (2015: £106,000) to Ambrose Hire Limited. At the year end an amount of £84,000 (2015: £nil) was due in respect of tax losses surrendered.

#### *Preston North End Football Club Limited*

During the year the company claimed tax losses of £726,000 (2015: £583,000) from Preston North End Football Club Limited. At the year end an amount of £421,000 (2015: £505,000) was outstanding in respect of tax losses claimed.

#### *Gleadhill House Stud Limited*

During the year the company surrendered tax losses of £30,000 (2015: £nil) to Gleadhill House Stud Limited. During the year the company paid sponsorship to Gleadhill House Stud Limited of £400,000 (2015: £300,000). Nothing was outstanding in respect of these at the current or prior year end.

#### *Cuerden Leisure Limited*

During the year the company claimed tax losses of £89,000 (2015: nil) from Cuerden Leisure Limited. At the year end an amount of £89,000 (2015: £nil) was outstanding in respect of tax losses claimed.

#### *Guild Ventures Limited*

During the year the company claimed tax losses of £4,000 (2015: nil) from Guild Ventures Limited. At the year end an amount of £7,000 (2015: £nil) was outstanding in respect of tax losses claimed.

#### *Rumney-Manor Limited*

During the year management fees of £175,000 (2015: £122,000) were received from Rumney-Manor Limited. An amount of £nil (2015: £nil) was owed by Rumney-Manor Limited as at 31 March 2016.

#### *Crown Leisure Limited*

During the year the group received rental income of £nil (2015: £82,000) from Crown Leisure Limited. The group charged fees during the year of £5,000 (2015: £16,000) to Crown Leisure Limited for services provided by the group. During the year the group claimed tax losses of £38,000 (2015: £52,000) from Crown Leisure Limited. No amounts were outstanding at the year end.

**Notes (continued)**

**18 Related party transactions (continued)**

***Andreas Management Limited***

During the year management fees of £600,000 (2015: £600,000) were paid to Andreas Management Limited. Nothing was owed to Andreas Management Limited at the current or prior year end.

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 Parent company and controlling party**

The ultimate controlling party is Wordon Limited, a company incorporated in the Isle of Man and wholly owned by the family interests of Mr TJ Hemmings. Wordon Limited does not prepare consolidated accounts.

The ultimate parent company in the UK is Northern Trust Group 1 Limited, a company registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Northern Trust Group 1 Limited. The 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 1 Limited and 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

**20 Explanation of transition to FRS 102 from old UK GAAP**

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Group's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

**Notes (continued)**

**20 Explanation of transition to FRS 102 from old UK GAAP (continued)**

|                                                                |        | 31 March 2014  |                 |                | 31 March 2015  |                |                |
|----------------------------------------------------------------|--------|----------------|-----------------|----------------|----------------|----------------|----------------|
|                                                                |        |                | Effect of       |                |                | Effect of      |                |
|                                                                |        | UK GAAP        | Transition      | FRS 102        | UK GAAP        | Transition     | FRS 102        |
|                                                                | Note   | £000           | to FRS          | £000           | £000           | to FRS         | £000           |
|                                                                |        |                | 102             |                |                | 102            |                |
|                                                                |        |                | £000            |                |                | £000           |                |
| <b>Fixed assets</b>                                            |        |                |                 |                |                |                |                |
| Tangible assets                                                |        | 336,486        | -               | 336,486        | 358,442        | -              | 358,442        |
| Investments                                                    |        | 200            | -               | 200            | -              | -              | -              |
|                                                                |        | <u>336,686</u> | <u>-</u>        | <u>336,686</u> | <u>358,442</u> | <u>-</u>       | <u>358,442</u> |
| <b>Current assets</b>                                          |        |                |                 |                |                |                |                |
| Debtors                                                        | c)     | 12,269         | -               | 12,269         | 14,419         | 236            | 14,655         |
| Cash at bank and in hand                                       |        | 914            | -               | 914            | 17,012         | -              | 17,012         |
|                                                                |        | <u>13,183</u>  | <u>-</u>        | <u>13,183</u>  | <u>31,431</u>  | <u>236</u>     | <u>31,667</u>  |
| <b>Creditors: amounts falling due within one year</b>          | a)     | (8,875)        | (13,914)        | (22,789)       | (13,730)       | -              | (13,730)       |
|                                                                |        | <u>4,308</u>   | <u>(13,914)</u> | <u>(9,606)</u> | <u>17,701</u>  | <u>236</u>     | <u>17,937</u>  |
| <b>Net current assets</b>                                      |        |                |                 |                |                |                |                |
|                                                                |        | <u>4,308</u>   | <u>(13,914)</u> | <u>(9,606)</u> | <u>17,701</u>  | <u>236</u>     | <u>17,937</u>  |
| <b>Total assets less current liabilities</b>                   |        | <u>340,994</u> | <u>(13,914)</u> | <u>327,080</u> | <u>376,143</u> | <u>236</u>     | <u>376,379</u> |
| <b>Creditors: amounts falling due after more than one year</b> |        | (253,016)      | -               | (253,016)      | (269,143)      | -              | (269,143)      |
| <b>Provisions for liabilities and charges</b>                  | a)b)c) | (3,288)        | (1,323)         | (4,611)        | (1,926)        | (7,429)        | (9,355)        |
|                                                                |        | <u>84,690</u>  | <u>(15,237)</u> | <u>69,453</u>  | <u>105,074</u> | <u>(7,193)</u> | <u>97,881</u>  |
| <b>Net assets</b>                                              |        |                |                 |                |                |                |                |
|                                                                |        | <u>84,690</u>  | <u>(15,237)</u> | <u>69,453</u>  | <u>105,074</u> | <u>(7,193)</u> | <u>97,881</u>  |
| <b>Capital and reserves</b>                                    |        |                |                 |                |                |                |                |
| Called up share capital                                        |        | 1,005          | -               | 1,005          | 1,005          | -              | 1,005          |
| Share premium account                                          |        | 145            | -               | 145            | 145            | -              | 145            |
| Investment property revaluation reserve                        | b)     | 78,396         | (4,106)         | 74,290         | 104,767        | (7,382)        | 97,385         |
| Profit and loss account                                        | a)b)c) | 5,144          | (11,131)        | (5,987)        | (843)          | 189            | (654)          |
|                                                                |        | <u>84,690</u>  | <u>(15,237)</u> | <u>69,453</u>  | <u>105,074</u> | <u>(7,193)</u> | <u>97,881</u>  |
| <b>Equity shareholders' funds</b>                              |        |                |                 |                |                |                |                |
|                                                                |        | <u>84,690</u>  | <u>(15,237)</u> | <u>69,453</u>  | <u>105,074</u> | <u>(7,193)</u> | <u>97,881</u>  |

Notes to the reconciliation of balance sheet:-

- Increase in creditors of £13,914,000 reflects SWAPs fair valued at FRS102 transition date of 31st March 2014 less associated deferred tax credit of £2,783,000 which is included within provisions for liabilities and charges
- Increase in liabilities and charges reflects deferred tax on property valuations of £7,382,000 at 31 March 2015 and £4,106,000 at 31 March 2014
- Increase in debtors of £236,000 reflects change in the lease incentives now allocated over the lease term under FRS 102 less associated deferred tax charge of £47,000 which is included within provisions for liabilities and charges

**Notes (continued)**

**20 Explanation of transition to FRS 102 from old UK GAAP (continued)**

|                                                             |        | 31 March 2015   |                                   |          |
|-------------------------------------------------------------|--------|-----------------|-----------------------------------|----------|
|                                                             |        |                 | Effect of<br>transition<br>to FRS | FRS 102  |
|                                                             | Note   | UK GAAP<br>£000 | 102<br>£000                       | £000     |
| <b>Turnover</b>                                             | d)     | 35,854          | 236                               | 36,090   |
| <b>Cost of sales</b>                                        |        | (11,288)        | -                                 | (11,288) |
| <b>Gross profit</b>                                         |        | 24,566          | 236                               | 24,802   |
| Administrative expenses                                     |        | (6,140)         | -                                 | (6,140)  |
| Exceptional items                                           | e)     | (12,242)        | 12,242                            | -        |
| Investment Property Revaluation                             | f)     | -               | 28,650                            | 28,650   |
| Other operating (expense)/income                            |        | 85              | -                                 | 85       |
| <b>Operating profit</b>                                     |        | 6,269           | 41,128                            | 47,397   |
| Interest receivable and similar income                      |        | 358             | -                                 | 358      |
| Interest payable and similar charges                        | e)     | (15,739)        | 1,672                             | (14,067) |
| <b>Profit/(loss) on ordinary activities before taxation</b> |        | (9,112)         | 42,800                            | 33,688   |
| Tax on profit on ordinary activities                        | d)e)f) | 845             | (6,105)                           | (5,260)  |
| <b>Profit/(loss) for the financial year</b>                 |        | (8,267)         | 36,695                            | 28,428   |

Notes to the reconciliation of profit/loss account:-

- d) Increase in turnover of £236,000 reflects change in the lease incentives now allocated over the lease term under FRS 102, less associated deferred tax charge of £47,000 which is included within taxation
- e) Credit of £12,242,000 against exceptional items and £1,672,000 against interest reflects the reversal of March 2014 provision for SWAPs revalued at fair value at the FRS 102 transition date, and associated deferred tax charge of £2,783,000 which is included within taxation
- f) Investment property valuation of £28,650,000 now recognised in the profit and loss account under FRS 102, less associated deferred tax charge of £3,275,000 which is included within taxation