

Northern Trust Company Limited

**Directors' report and financial
statements**

Registered number 735621

31 March 2004



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Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2004.

Principal activities

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

Business review

The directors are satisfied with the results for the year.

Results and dividends

The retained profit for the financial year attributable to shareholders is £11,258,000 (2003: £7,925,000) and has been transferred to reserves. The directors do not recommend the payment of a dividend (2003: *£nil*).

Fixed assets

The company has not revalued its investment properties which is a requirement under Statement of Standard Accounting Practice ("SSAP") 19. The directors are of the view that the investment properties are prudently stated in the accounts at the book value £219,402,000. Furthermore, the directors are of the view that the open market value of these investment properties is well in excess of the book value.

Directors

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

G Hamilton
PG Hemmings
TR Parkinson

No rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Directors responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

Directors' 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.

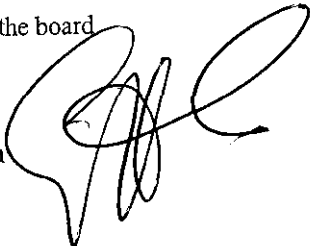
It is the policy and practice of the company to give equal consideration to applications for employment from disabled persons having regard to the particular aptitudes and abilities of the applicants concerned. The services of any existing employee who becomes disabled are retained wherever practicable.

Auditors

Pursuant to a shareholders' resolution the company is not obliged to re-appoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board

G Hamilton
Director



Lynton House
Ackhurst Park
CHORLEY
Lancashire
PR7 1NY

28 January 2005



Edward VII Quay
Navigation Way
Ashton-on-Ribble
PRESTON
Lancashire PR2 2YF

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

We have audited the financial statements on pages 4 to 15.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

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

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

Qualified opinion arising from disagreement about accounting treatment

As explained in note 8 the company has not recorded its interest in investment properties at open market value as at 31 March 2004 or 31 March 2003, as required by Statement of Standard Accounting Practice No. 19: *Accounting for Investment Properties*. As no valuation has been carried out as at 31 March 2004, it is not possible for us to quantify the effect of this departure.

Except for any adjustments that might have been necessary to include investment properties at open market value, in our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG LLP

Chartered Accountants
Registered Auditor



2005

Profit and loss account

for the year ended 31 March 2004

	<i>Note</i>	2004 £000	2003 £000
Turnover	<i>1</i>	28,751	26,536
Cost of sales		(7,199)	(6,068)
Gross profit		21,552	20,468
Administrative expenses		(2,861)	(2,199)
Other operating income	<i>2</i>	2,912	481
Operating profit	<i>3</i>	21,603	18,750
Amounts written off investments		(100)	(100)
Net interest payable	<i>6</i>	(7,026)	(7,419)
Profit on ordinary activities before taxation		14,477	11,231
Taxation on profit on ordinary activities	<i>7</i>	(3,219)	(3,306)
Retained profit for the financial year	<i>14</i>	11,258	7,925

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 March 2004

The profit and loss account includes the only gains and losses of the company for the current and prior year.

Note of historical cost profits and losses

for the year ended 31 March 2004

	2004	2003
	£000	£000
Reported profit on ordinary activities before taxation	14,477	11,231
Realisation of property revaluations of earlier years	-	31
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	-	36
Historical cost profit on ordinary activities before taxation	14,477	11,298
Historical cost profit for the year retained after taxation and dividends	11,258	7,992

Balance sheet

as at 31 March 2004

	Note	2004 £000	2003 £000
Fixed assets			
Tangible assets	8	220,723	207,915
Investments	9	84	185
		<u>220,807</u>	<u>208,100</u>
Current assets			
Debtors	10	3,366	2,847
Cash at bank and in hand		-	4,887
		<u>3,366</u>	<u>7,734</u>
Creditors: amounts falling due within one year	11	<u>(10,487)</u>	<u>(11,212)</u>
Net current liabilities		(7,121)	(3,478)
Total assets less current liabilities		<u>213,686</u>	<u>204,622</u>
Creditors: amounts falling due after more than one year	11	(123,379)	(126,296)
Provisions for liabilities and charges	12	(11,953)	(11,230)
Net assets		<u>78,354</u>	<u>67,096</u>
Capital and reserves			
Called up share capital	13	1,005	1,005
Share premium account	14	145	145
Investment property revaluation reserve	14	22,310	22,310
Profit and loss account	14	54,894	43,636
Equity shareholders' funds	15	<u>78,354</u>	<u>67,096</u>

Approved by the board of directors on 28 January 2005 and signed on its behalf by:

G Hamilton
Director

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, under the historical cost convention and within the requirements of the Companies Act 1985, except for the revaluation of certain freehold and leasehold properties and the accounting treatment of Government grants as explained below.

The company is exempt by s228 of the Companies Act 1985 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.

The company is exempt from the requirement of Financial Reporting Standard ("FRS") Number 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Northern Trust Group Limited, and its cash flows are included within the consolidated cash flow statement of that company.

Related party transactions

The directors have taken advantage of the exemption in FRS 8, paragraph 3(c) and have not disclosed transactions with entities that are part of Northern Trust Group Limited.

Turnover

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

Tangible fixed assets and depreciation

Investment properties are not revalued on an annual basis. This is not in accordance with Statement of Standard Accounting Practice ("SSAP") 19 which requires annual revaluations to open market value.

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.

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.

Notes (continued)

1 Statement of accounting policies (continued)

Freehold and long leasehold buildings are depreciated on a straight line basis to their residual values over a period of 50 years. No depreciation is provided on freehold and long leasehold land. The cost or valuation of other tangible fixed 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%

Government grants

Grants in respect of capital expenditure on assets which are depreciated are treated as deferred income. Grants are recognised in the financial statements when they are received.

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.

Amounts claimed or surrendered by way of group relief are transferred at £nil consideration.

Leasing and hire purchase commitments

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions

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 schemes.

Notes (continued)

2 Other operating income

Other operating income forms part of the company's normal trading activities and comprises profit on disposal of investment properties and the results of the company's equity investments as follows:

	2004 £000	2003 £000
Profit on disposal of investment properties	2,733	163
Other miscellaneous income	179	318
	<u>2,912</u>	<u>481</u>

3 Operating profit

	2004 £000	2003 £000
<i>Operating profit is stated after crediting:</i>		
Property rents receivable	24,491	22,826
<i>after charging:</i>		
Depreciation:		
owned assets	138	153
leased assets	4	39
Auditor's remuneration	25	30
	<u> </u>	<u> </u>

4 Staff numbers and costs

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

	2004 Number	2003 Number
Management and administration	22	22
	<u> </u>	<u> </u>
	2004 £000	2003 £000
<i>Employee costs (including directors):</i>		
Wages and salaries	523	597
Social security costs	57	40
Other pension costs	25	12
	<u>605</u>	<u>649</u>

Notes (continued)

5 Directors' remuneration

Directors' remuneration of £234,000 (2003: £210,000) includes pension scheme contributions of £12,000 (2003: £11,000). The number of directors to whom benefits are accruing under the defined contribution scheme is two (2003: two).

The aggregate of emoluments and benefits received by the highest paid director was £148,000 (2003: £135,000) and company pension contributions of £8,000 (2003: £8,000) were made on his behalf.

6 Net interest payable

	2004 £000	2003 £000
<i>Interest payable:</i>		
On loans from group undertakings	7,032	7,420
<i>Interest receivable:</i>		
On other loans	(6)	(1)
	<u>7,026</u>	<u>7,419</u>

7 Taxation on profit on ordinary activities

	2004 £000	2003 £000
UK Corporation tax at 30% (2003: 30%)	2,690	2,221
Adjustment relating to prior years	(194)	29
	<u>2,496</u>	<u>2,250</u>
Current tax charge for the year	723	1,056
Movement in deferred tax	<u>3,219</u>	<u>3,306</u>
	<u>2004 £000</u>	<u>2003 £000</u>
Profit on ordinary activities before taxation	14,477	11,231
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	4,343	3,369
Effects of:		
Group relief surrendered from fellow group companies	(403)	-
Profit of sale in excess of capital gain	(522)	-
Capital allowances for period in excess of depreciation	(807)	(1,212)
Expenses not deductible for tax purposes	79	64
Adjustment relating to prior years	(194)	29
	<u>2,496</u>	<u>2,250</u>

Notes (continued)

8 Tangible fixed assets

	Land and buildings		Plant and equipment	Total
	Freehold	Long leasehold		
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2003	170,026	37,791	614	208,431
Additions	15,817	180	8	16,005
Disposals	(3,055)	-	(52)	(3,107)
Reclassification	(71)	71	-	-
At 31 March 2004	182,717	38,042	570	221,329
Depreciation				
At 1 April 2003	97	2	417	516
Charge for year	21	4	117	142
On disposals	-	-	(52)	(52)
At 31 March 2004	118	6	482	606
Net book value				
At 31 March 2004	182,599	38,036	88	220,723
At 1 April 2003	169,929	37,789	197	207,915

Included within land and buildings are investment properties with a book value of £219,402,000 (2003: £206,485,000). These properties have not been revalued to open market value as at 31 March 2004 as required by SSAP 19, Accounting for Investment Properties.

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

	2004	2003
	£000	£000
Cost	198,423	185,506
Accumulated depreciation	(113)	(98)
	198,310	185,408

The cost of freehold and long leasehold land and buildings includes £197,054,000 (2003: £184,137,000) of assets not depreciated.

Notes (continued)

9 Fixed asset investments

	Shares in subsidiary undertakings £000	Shares in associated undertakings £000	Other investments £000	Total £000
Cost				
At 1 April 2003 and 31 March 2004	1	250	500	751
Provision				
At 1 April 2003	-	166	400	566
Movement in the year	-	1	100	101
At 31 March 2004	-	167	500	667
Net book value				
At 31 March 2004	1	83	-	84
At 1 April 2003	1	84	100	185

The company's principal operating subsidiary and associated undertakings at 31 March 2004 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 investment
Whittle Jones Group Limited	Ordinary 100%	Chartered surveyor
<i>Associate undertaking</i>		
Pembrey Properties	Ordinary 50%	Property investment

10 Debtors

	2004 £000	2003 £000
Trade debtors	2,676	1,811
Amounts owed by group undertakings	121	250
Other debtors	210	375
Prepayments and accrued income	359	411
	3,366	2,847

Notes (continued)

11 Creditors

	2004 £000	2003 £000
<i>Amounts falling due within one year:</i>		
Bank overdrafts	64	-
Trade creditors	73	295
Amounts owed to group undertakings	2,033	3,194
Other taxes and social security	194	734
Accruals and deferred income	5,233	4,768
Corporation tax	2,890	2,221
	<u>10,487</u>	<u>11,212</u>
<i>Amounts falling due after one year:</i>		
Amounts owed to group undertakings	118,313	123,196
Accruals and deferred income	5,066	3,100
	<u>123,379</u>	<u>126,296</u>

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

12 Provision for liabilities and charges

	2004 £000	2003 £000
Deferred taxation		
At beginning of year	11,230	10,174
Charge to the profit and loss account	723	1,056
At end of year	<u>11,953</u>	<u>11,230</u>

The elements of deferred taxation are as follows:

	2004 £000	2003 £000
Balancing charges on the disposal of properties and accelerated capital allowances	12,157	11,230
Short term timing differences	(204)	-
Deferred tax liability	<u>11,953</u>	<u>11,230</u>

Notes (continued)

13 Called up share capital

	2004 £000	2003 £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 2003	145	22,310	43,636
Retained profit for the year	-	-	11,258
At 31 March 2004	145	22,310	54,894

15 Reconciliation of movement in shareholders' funds

	2004 £000	2003 £000
Profit for the financial year	11,258	7,925
Shareholders' funds at beginning of year	67,096	59,171
Shareholders' funds at end of year	78,354	67,096

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 £22,000 (2003: £18,000). There were no outstanding contributions at the end of the financial year (2003: £1,000).

Notes (continued)

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 2004 the liability under this guarantee amounted to £224,899,000 (2003: £229,150,000).

18 Related party transactions

During the year the company received rental income of £1,587,000 (2003: £571,000) from CWV Group Limited. The family interests of Mr TJ Hemmings are shareholders in both Northern Trust Group Limited (the ultimate parent company) and Gleadway Limited, the parent company of CWV Group Limited.

During the year the company paid fees of £511,200 (2003: £425,000) to Hemway Limited. The family interests of Mr TJ Hemmings are shareholders in both Northern Trust Group Limited (the ultimate parent company) and Hemway Limited.

During the year the company received rental income of £255,000 (2003: £217,000) from Crown Leisure Limited and paid fees of £21,000 (2003: £26,000). The family interests of Mr TJ Hemmings are shareholders in Northern Trust Group Limited (the ultimate parent company) and Crown Leisure Limited.

19 Ultimate parent company

The ultimate parent company 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