

**Northern Trust Company Limited**

**Directors' report and financial  
statements**

**Registered number 735621**

**31 March 2000**



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## **Directors' report**

The directors present their report, together with the financial statements for the year ended 31 March 2000.

### **Principal activities**

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

### **Business review**

The company has continued to consolidate its position after acquiring a number of investment properties over the past few years. Increased turnover and lower financing charges has led to an increase in profitability.

### **Results and dividends**

The retained profit for the financial year attributable to shareholders is £9,161,000 (1999: £3,676,000) and has been transferred to reserves. The directors do not recommend the payment of a dividend (1999: *£nil*).

### **Fixed assets**

The directors do not believe there is any significant difference between the book value and market value of the company's land buildings.

### **Directors**

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

TJ Hemmings (Chairman)  
CD Homer (appointed 1 June 2000)  
K Bolton  
S Stott

The interests of Mr TJ Hemmings in the company's ultimate parent company, TJH Group Limited, are disclosed in the financial statements of that company.

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' report *(continued)*

### 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.

### Auditors

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

By order of the board



PS Freeman  
Secretary

Lynton House  
Ackhurst Park  
CHORLEY  
Lancashire  
PR7 1NY

14 December 2000



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

## **Report of the auditors to the members of Northern Trust Company Limited**

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

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 2, 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. 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.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
Chartered Accountants  
Registered Auditors

14-12-2000

**Profit and loss account**  
*for the year ended 31 March 2000*

	<i>Note</i>	<b>2000</b> <b>£000</b>	<b>1999</b> <b>£000</b>
<b>Turnover</b>	<i>1</i>	<b>15,854</b>	14,066
Cost of sales		<b>(3,010)</b>	(2,347)
<b>Gross profit</b>		<b>12,844</b>	11,719
Administrative expenses		<b>(980)</b>	(975)
Other operating income	<i>2</i>	<b>1,991</b>	972
<b>Operating profit</b>	<i>3</i>	<b>13,855</b>	11,716
Amounts written off investments		<b>(100)</b>	(2,403)
Net interest payable	<i>6</i>	<b>(4,404)</b>	(5,476)
<b>Profit on ordinary activities before taxation</b>		<b>9,351</b>	3,837
Taxation on profit on ordinary activities	<i>7</i>	<b>(190)</b>	(161)
<b>Retained profit for the financial year</b>	<i>15</i>	<b>9,161</b>	3,676

All amounts relate to continuing activities.

**Statement of total recognised gains and losses**  
*for the year ended 31 March 2000*

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 2000*

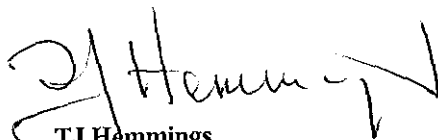
	2000 £000	1999 £000
Reported profit on ordinary activities before taxation	9,351	3,837
Realisation of property revaluations of earlier years	38	263
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	62	62
<b>Historical cost profit on ordinary activities before taxation</b>	<b>9,451</b>	<b>4,162</b>
<b>Historical cost profit for the year retained after taxation and dividends</b>	<b>9,261</b>	<b>4,001</b>

## Balance sheet

as at 31 March 2000

	Note	2000 £000	1999 £000
<b>Fixed assets</b>			
Tangible assets	8	115,694	111,574
Investments	9	485	585
		<u>116,179</u>	<u>112,159</u>
<b>Current assets</b>			
Debtors	10	2,633	2,975
Cash at bank and in hand		6	109
		<u>2,639</u>	<u>3,084</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(6,372)</u>	<u>(6,114)</u>
<b>Net current liabilities</b>		(3,733)	(3,030)
<b>Total assets less current liabilities</b>		<u>112,446</u>	<u>109,129</u>
<b>Creditors: amounts falling due after more than one year</b>	11	<u>(61,138)</u>	<u>(66,982)</u>
<b>Net assets</b>		<u>51,308</u>	<u>42,147</u>
<b>Capital and reserves</b>			
Called up share capital	13	1,005	1,005
Share premium account	14	145	145
Investment property revaluation reserve	14	22,936	23,036
Profit and loss account	14	27,222	17,961
<b>Equity shareholders' funds</b>	15	<u>51,308</u>	<u>42,147</u>

Approved by the board of directors on 14 December 2000 and signed on its behalf by:

  
TJ Hemmings  
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 to the financial statements.

#### *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 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 Number 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of TJH 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 Financial Reporting Standard Number 8, paragraph 3(c) and have not disclosed transactions with entities that are part of TJH 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*

In accordance with Statement of Standard Accounting Practice Number 19 (as amended) ("SSAP 19")

- (i) investment properties are revalued annually by the company's senior chartered surveyor at open market values determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors. Surplus or deficit arising is taken to the revaluation reserve. Any permanent diminution is taken to the profit and loss account for the year; and
- (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over twenty years to run.

This treatment, as regards certain of the company's investment properties, 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)

#### *Tangible fixed assets and depreciation (continued)*

During the year the Group had adopted Financial Reporting Standard 15: Tangible Fixed Assets. As a result freehold and long leasehold buildings are now 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.

Where freehold and long leasehold buildings are not depreciated on the grounds that the depreciation charge is not material because the estimated residual value of the tangible fixed asset is not materially different from the carrying amount of the asset, then the assets are reviewed for impairment at the end of each accounting period in accordance with Financial Reporting Standard 11.

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:

Short leasehold	-	Over the period of the lease
Plant and machinery	-	25%
Fixtures and fittings	-	20%
Motor vehicle	-	25%

#### *Government grants*

Grants received relating to investment properties have been deducted from the cost of the fixed assets. This is not in accordance with Schedule 4 to the Companies Act 1985, which requires assets to be shown at their purchase price or production cost and hence grants to be presented as deferred income. This departure from the requirements of the Companies Act 1985 is, in the opinion of the directors, necessary to give a true and fair view as no provision is made for depreciation under SSAP 19 and any grants relating to such assets would not be taken to the profit and loss account. The effect of this departure is that the net book value of fixed assets is £1,869,000 lower than it would otherwise have been (1999: £551,000).

#### *Investments*

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

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account the taxation deferred because of timing differences between the treatment of certain items for taxation and accounts purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

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

Notes (continued)

1 Statement of accounting policies (continued)

*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.

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:

	2000 £000	1999 £000
Profit on disposal of investment properties	1,174	837
Other miscellaneous income	817	135
	<u>1,991</u>	<u>972</u>

3 Operating profit

	2000 £000	1999 £000
<i>Operating profit is stated after crediting:</i>		
Property rents receivable	13,728	12,953
<i>after charging:</i>		
Depreciation:		
owned assets	66	57
leased assets	70	70
Auditors' remuneration	21	15
	<u>        </u>	<u>        </u>

Notes (continued)

**4 Staff numbers and costs**

	2000 £000	1999 £000
<i>Employee costs (including directors):</i>		
Wages and salaries	442	337
Social security costs	20	20
Other pension costs	20	18
	<u>482</u>	<u>375</u>

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

	2000 Number	1999 Number
Management and administration	17	18
	<u>17</u>	<u>18</u>

**5 Directors' remuneration**

Directors' remuneration of £111,000 (1999: £107,000) includes pension scheme contributions of £7,000 (1999: £6,000). The number of directors to whom benefits are accruing under the defined contribution scheme is 1 (1999: nil).

**6 Net interest payable**

	2000 £000	1999 £000
<i>Interest payable:</i>		
On loans from group undertakings	4,419	5,489
<i>Interest receivable:</i>		
On other loans	(15)	(13)
	<u>4,404</u>	<u>5,476</u>

**7 Taxation on profit on ordinary activities**

	2000 £000	1999 £000
UK corporation tax at 30% (1999: 31%) on the profit for the year on ordinary activities	1,540	-
Adjustment relating to prior year	(1,350)	161
	<u>190</u>	<u>161</u>

The low tax charge for the year is due to the availability of industrial building allowances and group relief.

Notes (continued)

8 **Tangible fixed assets**

	<b>Land and buildings</b>				<b>Total</b>
	<b>Freehold</b>	<b>Long leasehold</b>	<b>Short leasehold</b>	<b>Plant and equipment</b>	
	£000	£000	£000	£000	£000
<b><i>Cost or valuation</i></b>					
At 1 April 1999	107,347	3,913	602	399	112,261
Additions	5,205	2,108	-	162	7,475
Disposals	(3,214)	-	-	(7)	(3,221)
Transfer from group undertaking	-	-	-	(10)	(10)
At 31 March 2000	109,338	6,021	602	544	116,505
<b><i>Depreciation</i></b>					
At 1 April 1999	-	-	357	330	687
Charge for year	27	-	70	39	136
On disposals	-	-	-	(7)	(7)
Transfer from group undertaking	-	-	-	(5)	(5)
At 31 March 2000	27	-	427	357	811
<b><i>Net book value</i></b>					
At 31 March 2000	109,311	6,021	175	187	115,694
At 1 April 1999	107,347	3,913	245	69	111,574

Included within land and buildings are investment properties with a book value of £113,800,000 (1999: £109,771,000). These properties were valued at 31 March 2000 by the company's senior chartered surveyor on the basis of open market value in accordance with the RICS Statements of Asset Valuation Practice and Guidance Notes.

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

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Cost	92,366	88,229
Accumulated depreciation	(105)	(70)
	<b>92,261</b>	<b>88,159</b>

The cost of freehold and long leasehold land and buildings includes £113,625,000 (1999: £111,260,000) of non-depreciable assets.

The company has capital commitments contracted for of £nil (1999: £2,305,000) at the year end.

Notes (continued)

9 Fixed asset investments

	Shares in subsidiary undertakings £000	Shares in associated undertakings £000	Other investments £000	Total £000
<b>Cost</b>				
At 1 April 1999 and 31 March 2000	1	250	500	751
<b>Provision</b>				
At 1 April 1999	-	166	-	166
Provided in year	-	-	100	100
At 31 March 2000	-	166	100	266
<b>Net book value</b>				
At 31 March 2000	1	84	400	485
At 31 March 1999	1	84	500	585

The company's principal operating subsidiary and associated undertakings at 31 March 2000 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
Vimway Limited	Ordinary 100%	Property investment
<i>Associate undertaking</i>		
Pembrey Properties	Ordinary 50%	Property investment

A full list of subsidiary companies will be included with the company's annual return.

10 Debtors

	2000 £000	1999 £000
Trade debtors	1,572	1,973
Amounts owed by group undertakings	517	682
Other debtors	166	159
Prepayments and accrued income	378	161
	<u>2,633</u>	<u>2,975</u>

Notes (continued)

11 Creditors

	2000 £000	1999 £000
<i>Amounts falling due within one year:</i>		
Trade creditors	429	30
Amounts owed to group undertakings	514	928
Corporation tax	1,890	1,700
Other taxes and social security	391	646
Other creditors	98	98
Accruals and deferred income	3,050	2,712
	<u>6,372</u>	<u>6,114</u>
<i>Amounts falling due after one year:</i>		
Amounts owed to group undertakings	<u>61,138</u>	<u>66,982</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

Unprovided deferred tax is analysed as follows:

	2000 £000	1999 £000
Balancing charges on disposal of properties	8,823	7,717
Short-term timing differences	(104)	(291)
Capital gains on disposal of revalued properties	6,900	6,911
	<u>15,619</u>	<u>14,337</u>

The company has no intention of disposing of any of the properties and consequently no provision has been made for the potential taxation liability in respect of chargeable gains or balancing charges that would arise on the disposal of the revalued properties.

13 Called up share capital

	2000 £000	1999 £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	<u>1,005</u>	<u>1,005</u>

## Notes (continued)

### 14 Reserves

	Investment property revaluation reserve £000	Share premium account £000	Profit and loss account £000
At 1 April 1999	23,036	145	17,961
Profit for the financial year	-	-	9,161
Realisation of property revaluations of earlier years	(38)	-	38
Transfer	(62)	-	62
At 31 March 2000	<u>22,936</u>	<u>145</u>	<u>27,222</u>

### 15 Reconciliation of movement in shareholders' funds

	2000 £000	1999 £000
Profit for the financial year	9,161	3,676
Shareholders' funds at beginning of year	42,147	38,471
Shareholders' funds at end of year	<u>51,308</u>	<u>42,147</u>

### 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 £20,000 (1999: £18,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 17 Contingent liabilities

The company is party to group banking arrangements for TJH Group Limited. Consequently, it is jointly and severally liable for the loans and overdrafts of TJH Group Limited and certain of its subsidiary undertakings. At 31 March 2000 the liability under this guarantee amounted to £127,849,000 (1999: £128,320,000).

### 18 Related party transactions

During the year the company received rental income of £406,000 (1999: £395,000) from John Wilman Limited. The family interests of Mr TJ Hemmings are shareholders in both TJH Group Limited (the ultimate parent company) and Gleadway PLC, the parent company of John Wilman Limited.



## Notes *(continued)*

### **19 Ultimate parent company**

The ultimate parent company is TJH 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 TJH Group Limited. The consolidated financial statements of TJH Group Limited are available to the public and may be obtained from:

The Registrar of Companies  
Companies House  
Crown Way  
CARDIFF  
CF4 3UZ