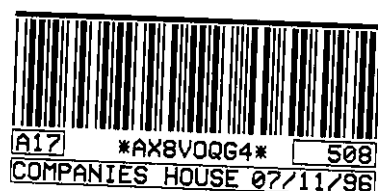


Northern Trust Company Limited

Directors' report and financial statements

31 March 1996

Registered number 735621



Northern Trust Company Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-2
Report of the auditors	3
Profit and loss account	4
Statement of total recognised gains and losses	4
Note of historical cost profits and losses	4
Balance sheet	5
Notes to the financial statements	6-15

Northern Trust Company Limited

Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 1996.

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 has led to an increase in profitability.

Results and dividends

The profit after taxation attributable to shareholders is £3,947,000 (1995:£2,322,000) and has been transferred to reserves. The directors do not recommend the payment of a dividend (1995:£nil).

Tangible fixed assets

A summary of the movements in the company's tangible fixed assets is shown in note 8 to the financial statements.

In the opinion of the directors, the market value of the company's land and buildings does not differ significantly from the value shown in the financial statements.

Directors

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

TJ Hemmings (Chairman)
GP Furlong
FJ Livesey (resigned 1 April 1996)
W McNab
IR Penrose
ML Widders (appointed 1 April 1996)

In accordance with the Articles of Association, GP Furlong retires by rotation and, being eligible, offers himself for re-election.

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.

Northern Trust Company Limited

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

61 St Thomas's Road
CHORLEY
Lancashire
PR7 1JE

30/9/1996



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

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 affairs of the company as at 31 March 1996 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

30 September 1996

Northern Trust Company Limited

Profit and loss account

for the year ended 31 March 1996

	Note	1996 £000	1995 £000
Turnover	1	12,748	11,500
Cost of sales		(2,770)	(3,158)
Gross profit		9,978	8,342
Administrative expenses		(671)	(743)
Other operating income	2	1,796	1,529
Operating profit	3	11,103	9,128
Net interest payable	4	(6,386)	(6,575)
Profit on ordinary activities before taxation		4,717	2,553
Taxation on profit on ordinary activities	5	(770)	(231)
Retained profit for the financial year	14	3,947	2,322

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 March 1996

	1996 £000	1995 £000
Profit for the financial year	3,947	2,322
Revaluation of investment and other properties	75	-
Total recognised gains for the year	4,022	2,322

Note of historical cost profit and loss

for the year ended 31 March 1996

	1996 £000	1995 £000
Reported profit on ordinary activities before taxation	4,717	2,553
Realisation of property revaluation gain of previous years	25	273
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	63	32
Historical cost profit on ordinary activities before taxation	4,805	2,858
Historical cost profit for the year retained after taxation	4,035	2,627

Northern Trust Company Limited

Balance sheet

as at 31 March 1996

	Note	1996 £000	1995 £000
Fixed assets			
Tangible assets	8	96,747	95,978
Investments	9	588	16,007
		<u>97,335</u>	<u>111,985</u>
Current assets			
Debtors	10	8,691	11,150
Cash at bank and in hand		3,561	1,447
		<u>12,252</u>	<u>12,597</u>
Creditors: amounts falling due within one year	11	<u>(3,167)</u>	<u>(5,766)</u>
Net current assets		9,085	6,831
Total assets less current liabilities		106,420	118,816
Creditors: amounts falling due after more than one year	11	(63,404)	(79,822)
		<u>43,016</u>	<u>38,994</u>
Capital and reserves			
Called up share capital	13	1,005	1,005
Share premium account	14	145	145
Investment property revaluation reserve	14	23,538	23,551
Profit and loss account	14	18,328	14,293
Equity shareholders' funds	15	<u>43,016</u>	<u>38,994</u>

Approved by the board of directors on 30/9/1996 and signed on its behalf by:

TJ Hemmings
Director



Northern Trust Company Limited

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 issue of 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 No 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.

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 No 19 (as amended)

- (i) investment properties are revalued annually by the company's senior chartered surveyor and every five years by external valuers 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 are 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 20 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.

No depreciation is provided on freehold properties or properties held under leases with 20 years or more to run at the balance sheet date. It is the company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly, the directors consider that the lives of these assets are so long and residual values, based on prices prevailing at the time of the acquisition or subsequent valuation, are so high that their depreciation is insignificant.

Northern Trust Company Limited

Notes (continued)

1 Statement of accounting policies (continued)

Provision is made in the profit and loss account in the event of the occurrence any permanent diminution in property values.

The cost or valuation of other tangible fixed assets less their estimated residual value is written off on a straight line basis over their useful lives. The principal annual rates in use are:

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

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.

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.

Northern Trust Company Limited

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:

	1996 £000	1995 £000
Profit on disposal of investment properties	19	616
Profit on sale of rights	304	-
Income from investments	1,756	1,523
Other miscellaneous income	133	73
Amounts provided against investments	(416)	(683)
	<u>1,796</u>	<u>1,529</u>

3 Operating profit

	1996 £000	1995 £000
--	--------------	--------------

*Operating profit is stated
after crediting:*

Property rents receivable	11,727	10,423
---------------------------	--------	--------

after charging:

Depreciation:

owned assets	128	128
leased assets	4	11
Operating lease rentals:		
other assets	4	5
Auditors' remuneration	11	14
	<u></u>	<u></u>

Northern Trust Company Limited

Notes (continued)

4 Net interest payable

	1996 £000	1995 £000
<i>Interest payable:</i>		
Bank overdrafts repayable within five years	18	430
On loans from group undertakings	6,588	6,258
Finance leases and hire purchase contracts	2	3
	<u>6,608</u>	<u>6,691</u>
<i>Interest receivable:</i>		
Bank interest	(80)	(87)
On loans to group undertakings	(51)	-
Other loans	(91)	(29)
	<u>(222)</u>	<u>(116)</u>
	<u>6,386</u>	<u>6,575</u>

5 Taxation on profit on ordinary activities

	1996 £000	1995 £000
UK corporation tax at 33% (1995: 33%) on the profit for the year on ordinary activities	500	-
Adjustment to previous year	(81)	(74)
Tax attributable to franked investment income	351	305
	<u>770</u>	<u>231</u>

6 Staff numbers and costs

	1996 £000	1995 £000
<i>Employee costs (including directors):</i>		
Wages and salaries	343	360
Social security costs	32	24
Other pension costs	16	19
	<u>391</u>	<u>403</u>

Northern Trust Company Limited

Notes (continued)

6 Staff numbers and costs (continued)

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

	Number 1996	Number 1995
Management and administration	19	17

7 Directors' remuneration

Directors' remuneration of £81,000 (1995:£77,000) includes pension scheme contributions of £6,000 (1995:£4,000). The total remuneration of the chairman was £nil (1995:£nil). The remuneration of the highest paid director of £81,000 (1995: £77,000) was as follows:

	1996 £000	1995 £000
Salary	71	70
Benefits in kind	4	3
Pension scheme contributions	6	4
	81	77

The emoluments of the directors, excluding pension scheme contributions, were in the following ranges:

	Number 1996	Number 1995
£0 - £5,000	4	4
£70,001 - £75,000	1	1

Northern Trust Company Limited

Notes (continued)

8 Tangible fixed assets

	Land and buildings			Plant and equipment	Total
	Freehold	Long leasehold	Short leasehold		
	£000	£000	£000	£000	£000
<i>Cost or valuation</i>					
At 1 April 1995	91,332	3,910	600	421	96,263
Additions	1,519	3	2	41	1,565
Disposals	(339)	-	-	(32)	(371)
Revaluation	75	-	-	-	75
Inter group transfers	(283)	-	-	(74)	(357)
Provision	(75)	-	-	-	(75)
At 31 March 1996	92,229	3,913	602	356	97,100
<i>Depreciation</i>					
At 1 April 1995	-	-	77	208	285
Charge for year	-	-	70	62	132
Disposals	-	-	-	(23)	(23)
Inter group transfers	-	-	-	(41)	(41)
At 31 March 1996	-	-	147	206	353
<i>Net book value</i>					
At 31 March 1996	92,229	3,913	455	150	96,747
At 1 April 1995	91,332	3,910	523	213	95,978

Included within land and buildings are investment properties with a book value of £95,473,000 (1995: £93,942,000). These properties were valued by the company's senior chartered surveyor on the basis of open market value at 31 March 1996. Changes in the value of these properties are reflected as a movement on the investment property revaluation reserve.

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

	1996 £000	1995 £000
Cost	73,206	72,292
Accumulated depreciation	(52)	(45)
	<u>73,154</u>	<u>72,247</u>

The cost of freehold and long leasehold land and buildings includes £96,142,000 (1995: £95,242,000) of non-depreciable assets.

Northern Trust Company Limited

Notes (continued)

8 Tangible fixed assets (continued)

Included in the total net book value of plant and equipment is £13,000 (1995:£32,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £4,000 (1995:£11,000).

The company has capital commitments contracted for of £1,200,000 (1995:£370,000) and authorised but not contracted for of £750,000 (1995:£nil) at the year end.

9 Fixed asset investments

	Interests in subsidiary and associated undertakings	Listed investments	Unlisted investments	Loans	Total
	£000	£000	£000	£000	£000
<i>Book value</i>					
At 1 April 1995	579	12,334	2,622	472	16,007
Additions	250	304	327	103	984
Provision	(166)	-	(250)	-	(416)
Inter-group transfers	(575)	(12,638)	(2,199)	(575)	(15,987)
At 31 March 1996	88	-	500	-	588

Total provision against fixed asset investments amounts to £166,000 (1995: £1,133,000).

The total market value of listed investments at 31 March 1996 amounted to £nil (1995: £37,137,000).

The company's principal operating subsidiary and associated undertakings at 31 March 1996 are set out below. All operate in the United Kingdom and are registered in England.

Subsidiary undertakings	Class of capital and percentage held	Activity
Company		
Woodrose Limited	Ordinary 80%	House building
Croston Joinery Limited*	Ordinary 80%	General joinery
Lanley Developments Limited*	Ordinary 80%	House building
Metacre Limited	Ordinary 100%	Land investment
White Cross Parks Limited	Ordinary 100%	Leisure park operator
Whittle Jones Group Limited	Ordinary 100%	Chartered surveyor

* Interest held partly or fully by subsidiary undertakings.

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

Northern Trust Company Limited

Notes (continued)

10 Debtors

	1996 £000	1995 £000
Trade debtors	1,851	1,439
Amounts owed by group undertakings	6,587	9,127
Other debtors	51	480
Prepayments and accrued income	202	104
	<u>8,691</u>	<u>11,150</u>
<i>The amounts owed by group undertaking comprises:</i>		
Parent and fellow subsidiary undertakings	3,614	4,044
Subsidiary undertakings	2,973	5,083
	<u>6,587</u>	<u>9,127</u>

11 Creditors

	1996 £000	1995 £000
<i>Amounts falling due within one year:</i>		
Bank overdrafts	-	2,604
Trade creditors	49	39
Obligations under finance leases and hire purchase contracts	4	4
Amounts owed to group undertakings	316	793
Corporation tax	500	-
Other taxes and social security	17	575
Other creditors	98	193
Accruals and deferred income	2,183	1,558
	<u>3,167</u>	<u>5,766</u>
<i>The amounts owed to group undertakings comprises:</i>		
Parent and fellow subsidiary undertakings	20	-
Subsidiary undertakings	296	793
	<u>316</u>	<u>793</u>
<i>Amounts falling due after one year:</i>		
Obligations under finance leases and hire purchase contracts	12	15
Amounts owed to parent and fellow subsidiary undertakings	63,392	79,807
	<u>63,404</u>	<u>79,822</u>

The loans from group undertakings bear interest at 8.5% and are due for repayment within five years.

Northern Trust Company Limited

Notes (continued)

11 Creditors (continued)

Obligations under finance leases and hire purchase contracts are due to be repaid over the following periods:

	1996 £000	1995 £000
Within 1 year	4	4
Between 1 and 5 years	12	15
	<u>16</u>	<u>19</u>

12 Deferred tax

Deferred tax not provided relates wholly to accelerated capital allowances and amounted to £3,324,000 (1995: £4,495,000). Provision is not made for deferred taxation due to the company having no intention of disposing of any of the properties without reinvesting in similar properties obtaining rollover relief.

13 Called up share capital

	1996 £000	1995 £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>

14 Reserves

	Investment property revaluation reserve £000	Share premium account £000	Profit and loss account £000
At 1 April 1995	23,551	145	14,293
Profit for the financial year	-	-	3,947
Transfer	(88)	-	88
Revaluation during the year	75	-	-
At 31 March 1996	<u>23,538</u>	<u>145</u>	<u>18,328</u>

Northern Trust Company Limited

Notes (continued)

15 Reconciliation of movement in shareholders' funds

	1996 £000	1995 £000
Profit for the financial year	3,947	2,322
Revaluation of investment properties	75	-
Net increase in shareholders' funds	4,022	2,322
Shareholders' funds at beginning of year	38,994	36,672
Shareholders' funds at end of year	43,016	38,994

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 £16,000 (1995: £19,000). 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 1996 the liability under this guarantee amounted to £124,230,000 (1995: £125,342,000).

18 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

Northern Trust Company Limited

Detailed trading profit and loss account

for the year ended 31 March 1996

	1996		1995	
	£000	£000	£000	£000
Turnover				
Rental income	11,727		10,520	
Service charge	1,021		980	
		12,748		11,500
Cost of sales				
Service charge	1,037		1,018	
Management charge	902		1,038	
Letting fees	190		208	
Advertising	108		84	
Legal and professional	56		67	
Leasehold amortised	70		63	
Repairs and delapidation	252		(15)	
Bad debt	55		120	
Sinking fund	25		30	
Recharge account - write off	-		545	
Permanent diminution in value	75		-	
		(2,770)		(3,158)
Gross profit		9,978		8,342
Administrative expenses				
Wages and salaries	281		293	
Pensions and BUPA	21		30	
Motor expenses	36		53	
Audit and accountancy	30		14	
Subscriptions and donations	16		15	
Advertising	4		10	
Printing and stationery	15		10	
Telephone and postage	23		24	
Heat and light	6		7	
Insurance	12		15	
Rates	11		6	
Rent	4		4	
Bank charges	1		3	
Cleaning	5		6	
Legal and professional	34		79	
Repairs and renewals	11		2	
Equipment hire	6		5	
Depreciation	61		74	
Management charges	-		5	
Sundries	20		5	
HP interest	-		3	
Non recoverable VAT	24		14	
Bad debts written off	50		-	
Trustair charges	-		20	
Mount St rent	-		35	
Consultancy	-		30	
Sundry income	-		(34)	
Write off of PNE investment	-		12	
Sales ledger write off	-		(4)	
Trust Inns recharge	-		7	

Northern Trust Company Limited

Detailed trading profit and loss account

for the year ended 31 March 1996

	1996	1995
	£000	£000
Other operating income	(671) 1,796	(743) 1,529
Operating profit	11,103	9,128
Interest receivable	222	116
Interest payable	(6,608)	(6,691)
Profit on ordinary activities before taxation	4,717	2,553