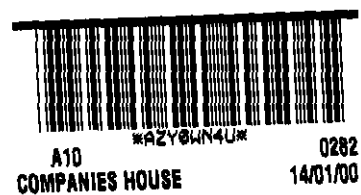


**Northern Trust Company
Limited**

Directors' report and financial statements

31 March 1999

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	5
Balance sheet	6
Notes to the financial statements	7-16

Northern Trust Company Limited

Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 1999.

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.

Since the year end the company has made further significant land and building acquisitions.

Year 2000

The board of TJH Group Limited has set up a committee to review the impact of the Year 2000 on the Group's computer based systems. The company's key computer systems are believed to be year 2000 compliant and action plans are in place to deal with non compliant systems.

Whilst it is not possible to guarantee the Year 2000 problem will be eliminated, we believe that the company is appropriately prepared. The cost of implementing the action plans is not significant.

Results and dividends

The retained profit for the financial year attributable to shareholders is £3,676,000 (1998: loss of £9,677,000) and has been transferred to reserves. During the year a dividend of £nil per share was paid (1998: £3.72). The directors do not recommend the payment of a final dividend (1998: £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:

K Bolton (appointed 14 May 1998)
TJ Hemmings (Chairman)
IR Penrose (resigned 30 June 1998)
S Stott (appointed 21 September 1998)
ML Widders (resigned 21 September 1998)

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:

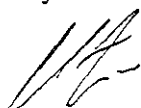
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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



CL Fox
Secretary

Lynton House
Ackhurst Park
CHORLEY
Lancashire
PR7 1NY

25 November 1999



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 16.

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 1999 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*

25.11.99

Northern Trust Company Limited

Profit and loss account

for the year ended 31 March 1999

	Note	1999 £000	1998 £000
Turnover	1	14,066	13,225
Cost of sales		(2,347)	(3,001)
Gross profit		11,719	10,224
Administrative expenses		(975)	(929)
Other operating income	2	972	174
Operating profit	3	11,716	9,469
Income from shares in group undertakings		-	1,000
Amounts written off investments		(2,403)	-
Net interest payable	6	(5,476)	(4,669)
Profit on ordinary activities before taxation		3,837	5,800
Taxation on profit on ordinary activities	7	(161)	(500)
Profit for the financial year		3,676	5,300
Dividend	8	-	(14,977)
Retained profit/(loss) for the financial year	15	3,676	(9,677)

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 March 1999

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

Northern Trust Company Limited

Note of historical cost profits and losses

for the year ended 31 March 1999

	1999 £000	1998 £000
Reported profit on ordinary activities before taxation	3,837	5,800
Realisation of property revaluations of earlier years	263	53
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	62	62
Historical cost profit on ordinary activities before taxation	4,162	5,915
Historical cost profit/(loss) for the year retained after taxation and dividends	4,001	(9,562)

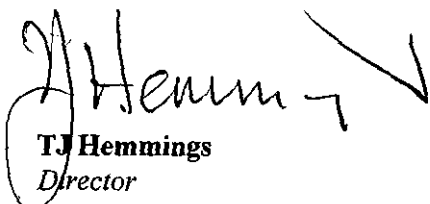
Northern Trust Company Limited

Balance sheet

as at 31 March 1999

	Note	1999 £000	1998 £000
Fixed assets			
Tangible assets	9	111,574	104,779
Investments	10	585	2,988
		<u>112,159</u>	<u>107,767</u>
Current assets			
Debtors	11	2,975	3,663
Cash at bank and in hand		109	5
		<u>3,084</u>	<u>3,668</u>
Creditors: amounts falling due within one year	12	<u>(6,114)</u>	<u>(6,058)</u>
Net current liabilities		<u>(3,030)</u>	<u>(2,390)</u>
Total assets less current liabilities		<u>109,129</u>	<u>105,377</u>
Creditors: amounts falling due after more than one year	12	<u>(66,982)</u>	<u>(66,906)</u>
Net assets		<u>42,147</u>	<u>38,471</u>
Capital and reserves			
Called up share capital	14	1,005	1,005
Share premium account	15	145	145
Investment property revaluation reserve	15	23,036	23,361
Profit and loss account	15	17,961	13,960
Equity shareholders' funds	16	<u>42,147</u>	<u>38,471</u>

Approved by the board of directors on 25 November 1999 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 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)

- (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.

Northern Trust Company Limited

Notes (continued)

1 Statement of accounting policies (continued)

Tangible fixed assets and depreciation (continued)

No depreciation is provided on freehold properties or properties held under leases with twenty 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.

Provision is made in the profit and loss account in the event of 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%

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 £551,000 lower than it would otherwise have been (1998: £93,000).

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.

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.

Northern Trust Company Limited

Notes (continued)

1 Statement of accounting policies (continued)

Leasing and hire purchase commitments (continued)

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:

	1999 £000	1998 £000
Profit on disposal of investment properties	837	30
Other miscellaneous income	135	144
	<u>972</u>	<u>174</u>

3 Operating profit

	1999 £000	1998 £000
<i>Operating profit is stated after crediting:</i>		
Property rents receivable	12,953	12,127
<i>after charging:</i>		
Depreciation:		
owned assets	57	35
leased assets	70	70
Operating lease rentals	-	3
Auditors' remuneration	15	17
	<u> </u>	<u> </u>

Northern Trust Company Limited

Notes (continued)

4 Staff numbers and costs

	1999 £000	1998 £000
<i>Employee costs (including directors):</i>		
Wages and salaries	337	215
Social security costs	20	17
Other pension costs	18	11
	<u>375</u>	<u>243</u>

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

	Number 1999	Number 1998
Management and administration	18	16

5 Directors' remuneration

Directors' remuneration of £107,000 (1998: *£nil*) includes pension scheme contributions of £6,000 (1998: *£nil*). The number of directors to whom benefits are accruing under the defined contribution scheme is nil (1998: *nil*).

6 Net interest payable

	1999 £000	1998 £000
<i>Interest payable:</i>		
On loans from group undertakings	5,489	4,714
<i>Interest receivable:</i>		
On loans to group undertakings	-	(34)
On other loans	(13)	(11)
	<u>5,476</u>	<u>4,669</u>

Northern Trust Company Limited

Notes (continued)

7 Taxation on profit on ordinary activities

	1999 £000	1998 £000
UK corporation tax at 31% (1998: 31%) on the profit for the year on ordinary activities	-	500
Adjustment relating to prior year	161	-
	<u>161</u>	<u>500</u>

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

8 Dividends

	1999 £000	1998 £000
Interim dividend paid	-	14,977

9 Tangible fixed assets

	Land and buildings				Total
	Freehold	Long leasehold	Short leasehold	Plant and equipment	
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 1998	100,481	3,913	602	344	105,340
Additions	9,138	-	-	64	9,202
Disposals	(2,272)	-	-	(19)	(2,291)
Transfer from group undertaking	-	-	-	10	10
At 31 March 1999	<u>107,347</u>	<u>3,913</u>	<u>602</u>	<u>399</u>	<u>112,261</u>
Depreciation					
At 1 April 1998	-	-	287	274	561
Charge for year	-	-	70	57	127
On disposals	-	-	-	(3)	(3)
Transfer from group undertaking	-	-	-	2	2
At 31 March 1999	<u>-</u>	<u>-</u>	<u>357</u>	<u>330</u>	<u>687</u>
Net book value					
At 31 March 1999	<u>107,347</u>	<u>3,913</u>	<u>245</u>	<u>69</u>	<u>111,574</u>
At 1 April 1998	<u>100,481</u>	<u>3,913</u>	<u>315</u>	<u>70</u>	<u>104,779</u>

Northern Trust Company Limited

Notes (continued)

9 Tangible fixed assets (continued)

Included within land and buildings are investment properties with a book value of £109,386,000 (1998: £102,975,000). These properties were valued at 31 March 1999 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:

	1999 £000	1998 £000
Cost	88,229	81,363
Accumulated depreciation	(70)	(67)
	<u>88,159</u>	<u>81,296</u>

The cost of freehold and long leasehold land and buildings includes £111,260,000 (1998: £104,394,000) of non-depreciable assets.

The company has capital commitments contracted for of £2,305,000 (1998: £900,000) at the year end.

10 Fixed asset investments

	Shares in Group undertakings £000	Shares in associated undertakings £000	Other investments £000	Total £000
Cost				
At 1 April 1998	2,404	250	500	3,154
Disposals	(2,403)	-	-	(2,403)
At 31 March 1999	<u>1</u>	<u>250</u>	<u>500</u>	<u>751</u>
Provision				
At 1 April 1998	-	166	-	166
Provided in year	2,403	-	-	2,403
On disposals	(2,403)	-	-	(2,403)
At 31 March 1999	<u>-</u>	<u>166</u>	<u>-</u>	<u>166</u>
Net book value				
At 31 March 1999	<u>1</u>	<u>84</u>	<u>500</u>	<u>585</u>
At 31 March 1998	<u>2,404</u>	<u>84</u>	<u>500</u>	<u>2,988</u>

Northern Trust Company Limited

Notes (continued)

10 Fixed assets investments (continued)

The company's principal operating subsidiary and associated undertakings at 31 March 1999 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.

11 Debtors

	1999 £000	1998 £000
Trade debtors	1,973	1,409
Amounts owed by group undertakings	682	1,936
Other debtors	159	127
Prepayments and accrued income	161	191
	<u>2,975</u>	<u>3,663</u>

Northern Trust Company Limited

Notes (continued)

12 Creditors

	1999 £000	1998 £000
<i>Amounts falling due within one year:</i>		
Bank overdraft	-	337
Trade creditors	30	141
Amounts owed to group undertakings	928	968
Corporation tax	1,700	1,700
Other taxes and social security	646	182
Other creditors	98	98
Accruals and deferred income	2,712	2,632
	<u>6,114</u>	<u>6,058</u>
<i>Amounts falling due after one year:</i>		
Amounts owed to group undertakings	<u>66,982</u>	<u>66,906</u>

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

13 Provision for liabilities and charges

Unprovided deferred tax is analysed as follows:

	1999 £000	1998 £000
Balancing charges on disposal of properties	7,717	6,801
Short-term timing differences	(291)	(210)
Capital gains on disposal of revalued properties	6,911	7,242
	<u>14,337</u>	<u>13,833</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.

14 Called up share capital

	1999 £000	1998 £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>

Northern Trust Company Limited

Notes (continued)

15 Reserves

	Investment property revaluation reserve £000	Share premium account £000	Profit and loss account £000
At 1 April 1998	23,361	145	13,960
Profit for the financial year	-	-	3,676
Realisation of property revaluations of earlier years	(263)	-	263
Transfer	(62)	-	62
At 31 March 1999	<u>23,036</u>	<u>145</u>	<u>17,961</u>

16 Reconciliation of movement in shareholders' funds

	1999 £000	1998 £000
Profit/(loss) for the financial year	3,676	(9,677)
Shareholders' funds at beginning of year	38,471	48,148
Shareholders' funds at end of year	<u>42,147</u>	<u>38,471</u>

17 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 £18,000 (1998: £11,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

18 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 1998 the liability under this guarantee amounted to £128,320,000 (1998: £120,920,000).

19 Related party transactions

During the year the company received rental income of £395,000 (1998: £188,000) from John Wilman Limited. Mr TJ Hemmings is the chairman of John Wilman Limited.

Northern Trust Company Limited

Notes *(continued)*

20 **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

21 **Post balance sheet events**

Since the year end the company has made further significant land and building acquisitions.