

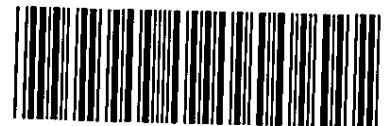
Northern Trust Company Limited

**Directors' report and financial
statements**

Registered number 735621

31 March 2009

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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	3
Independent auditor's report to the members of Northern Trust Company Limited	4
Profit and loss account	6
Statement of total recognised gains and losses	6
Statement of historical cost profit and losses	6
Balance sheet	7
Notes to the financial statements	8

Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2009.

Principal activities

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

Business review

Principal risks and uncertainties

The main uncertainties associated with this business are rental and occupancy levels. The directors believe that these present both risks and opportunities to the business.

Performance and development during the year including key performance indicators

The directors prepare a detailed annual budget and monitor performance against this budget.

Additionally the directors monitor key performance indicators to ensure they are within acceptable parameters, these include:

- Rental and occupancy levels
- Operating profit
- Cash generated from operating activities

Position at the end of the year

The company has a sound financial base and sufficient financial resources to meet the business's requirements.

Results and dividends

The retained profit after taxation for the financial year is £10,759,000 (2008: £24,842,000). During the year a dividend of £40,000,000 was declared and paid (2008: £30,000,000). The directors do not recommend the payment of a final dividend (2008: £nil).

Directors

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

PL Hemmings
PG Hemmings
TR Parkinson
G Hamilton (resigned 30 March 2009)
JC Kay
MJ Grindrod (appointed 30 March 2009)
MJ Riding (appointed 30 March 2009)

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.

Director's report *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



PL Hemmings
Director

Lynton House
Ackhurst Park
CHORLEY
Lancashire
PR7 1NY

27 January 2010

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.



KPMG LLP

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

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

We have audited the financial statements of Northern Trust Company Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the statement of historical cost profits and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditor's report to the members of Northern Trust Company Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

KPMG LLP
Chartered Accountants
Registered Auditor

28/1/2010

Profit and loss account

for the year ended 31 March 2009

	Note	2009 £000	2008 £000
Turnover	1	37,184	36,467
Cost of sales		(11,143)	(8,196)
Gross profit		26,041	28,271
Administrative expenses		(4,887)	(5,057)
Other operating income	2	1,660	2,115
Operating profit	3	22,814	25,329
Interest receivable and similar income	6	115	97
Interest payable and similar charges	7	(12,989)	(11,873)
Profit on ordinary activities before taxation		9,940	13,553
Taxation on profit on ordinary activities	8	819	11,289
Profit for the year	15	10,759	24,842

Statement of total recognised gains and losses

for the year ended 31 March 2009

		2009 £000	2008 £000
Profit for the financial year		10,759	24,842
Unrealised (deficit)/surplus on revaluation of investment properties	9	(53,798)	(29,648)
		(43,039)	(4,806)

Statement of historical cost profit and losses

for the year ended 31 March 2009

		2009 £000	2008 £000
Reported profit on ordinary activities before taxation		9,940	13,553
Realisation of property revaluations of earlier years		(139)	3,489
Historical cost profit on ordinary activities before taxation		9,801	17,042
Historical cost (loss)/profit for the year retained after taxation and dividends		(29,380)	(1,669)

Balance sheet

as at 31 March 2009

	Note	2009 £000	2008 £000
Fixed assets			
Tangible assets	9	385,020	425,887
Investments	10	587	587
		<u>385,607</u>	<u>426,474</u>
Current assets			
Debtors	11	6,129	7,571
Cash at bank and in hand		1,288	-
		<u>7,417</u>	<u>7,571</u>
Creditors: amounts falling due within one year	12	<u>(10,162)</u>	<u>(9,982)</u>
Net current liabilities		<u>(2,745)</u>	<u>(2,411)</u>
Total assets less current liabilities		<u>382,862</u>	<u>424,063</u>
Creditors: amounts falling due after more than one year	12	(256,733)	(214,032)
Provisions for liabilities and charges	13	(1,251)	(2,114)
Net assets		<u>124,878</u>	<u>207,917</u>
Capital and reserves			
Called up share capital	14	1,005	1,005
Share premium account	15	145	145
Investment property revaluation reserve	15	114,996	168,655
Profit and loss account	15	8,732	38,112
Equity shareholders' funds	16	<u>124,878</u>	<u>207,917</u>

Approved by the board of directors on 27 January 2010 and signed on its behalf by:



PL Hemmings
Director

Registered number 735621

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, subject to the revaluation of investment 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') 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 have been revalued to open market value in accordance with Statement of Standard Accounting Practice ("SSAP") 19.

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)

Tangible fixed assets and depreciation (continued)

No depreciation is provided on freehold and long leasehold land. 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:

Plant and machinery	-	25%
Fixtures and fittings	-	20%
Motor vehicles	-	25%
CCTV	-	10%

Government grants

Grants in respect of capital expenditure on assets which are depreciated are treated as deferred income. Where the grants are in respect of assets which are depreciated, the grants are held as deferred income and amortised in line with the depreciation of those assets. Where the grants relate to assets which are not depreciated, the grants are held as deferred income and released to the profit and loss account on sale of the assets to which they relate.

Investments

Investments 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.

Pensions

The company makes employer contributions to a defined contribution pension scheme on behalf of certain of its employees. Contributions are charged to the profit and loss account as they become payable in accordance with the scheme rules.

2 Other operating income

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

	2009 £000	2008 £000
Profit on disposal of investment properties	1,660	2,115

Notes (continued)

3 Operating profit

	2009 £000	2008 £000
<i>Operating profit is stated after crediting:</i>		
Property rents receivable	31,526	31,331
<i>after charging:</i>		
Depreciation:		
owned assets	226	158
Auditor's remuneration:		
- in respect of the statutory audit of these financial statements	25	25
- in respect of taxation services provided	35	221
	<u> </u>	<u> </u>

4 Staff numbers and costs

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

	2009 Number	2008 Number
Management and administration	27	25
	<u> </u>	<u> </u>

	2009 £000	2008 £000
<i>Employee costs (including directors):</i>		
Wages and salaries	826	666
Social security costs	73	73
Other pension costs	39	32
	<u> </u>	<u> </u>
	938	771
	<u> </u>	<u> </u>

5 Directors' remuneration

Directors' remuneration of £242,000 (2008: £247,000) includes pension scheme contributions of £13,000 (2008: £19,000). The number of directors to whom benefits are accruing under the defined contribution scheme is two (2008: two).

The aggregate of emoluments and benefits received by the highest paid director was £128,000 (2008: £128,000) and company pension contributions of £7,000 (2008: £13,000) were made on his behalf.

6 Interest receivable and similar income

	2009 £000	2008 £000
On other loans	115	97
	<u> </u>	<u> </u>

7 Interest payable and similar charges

	2009 £000	2008 £000
On loans from group undertakings	12,989	11,873
	<u> </u>	<u> </u>

Notes (continued)

8 Taxation on profit on ordinary activities

	Note	2009 £000	2008 £000
UK Corporation tax at 28% (2008: 30%)		-	-
Adjustment relating to prior years		44	(231)
Current tax charge for the year		44	(231)
Movement in deferred tax	13	(863)	(11,058)
		<u>(819)</u>	<u>(11,289)</u>
		2009 £000	2008 £000
Profit on ordinary activities before taxation		9,940	13,553
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)		2,783	4,066
Effects of:			
Chargeable gains		408	1,144
Other short term timing differences		(5)	(62)
Capital allowances for period in excess of depreciation		(1,386)	(2,302)
Expenses not deductible for tax purposes		101	36
Utilisation of tax losses		(1,835)	(2,882)
Group relief		(66)	-
Adjustment relating to prior years		44	(231)
Current tax charge/(credit) for the year		<u>44</u>	<u>(231)</u>

Notes (continued)

9 Tangible fixed assets

	Land and buildings		Plant and equipment	Total
	Freehold	Long leasehold		
	£000	£000	£000	£000
<i>Cost or valuation</i>				
At 1 April 2008	324,567	100,351	1,822	426,740
Additions	14,797	242	464	15,503
Disposals	(2,346)	-	-	(2,346)
Revaluation	(40,938)	(12,860)	-	(53,798)
At 31 March 2009	296,080	87,733	2,286	386,099
<i>Depreciation</i>				
At 1 April 2008	-	-	853	853
Charge for year	-	-	226	226
At 31 March 2009	-	-	1,079	1,079
<i>Net book value</i>				
At 31 March 2009	296,080	87,733	1,207	385,020
At 1 April 2008	324,567	100,351	969	425,887

Included within land and buildings are investment properties with a book value of £381,830,000 (2008: £422,503,000). At 31 March 2009 these properties were revalued to open market value by the directors.

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

	2009	2008
	£000	£000
Cost	268,817	256,263

The historic cost of freehold and long leasehold land and buildings includes £267,481,000 (2008: £255,001,000) of investment properties.

Notes (continued)

10 Fixed asset investments

	Shares in subsidiary undertakings £000	Shares in associated undertakings £000	Other investments £000	Total £000
Cost				
At 1 April 2008 and 31 March 2009	503	250	500	1,253
Provision				
At 1 April 2008 and 31 March 2009	-	166	500	666
Net book value				
At 1 April 2008 and 31 March 2009	503	84	-	587

The company's principal operating subsidiary and associated undertakings at 31 March 2008 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
The Malthouse Development Company Limited	Ordinary 100%	Property investment
<i>Associate undertaking</i>		
Pembrey Properties	Ordinary 50%	Property investment

11 Debtors

	2009 £000	2008 £000
Trade debtors	3,302	3,186
Amounts owed by group undertakings	78	1,465
Amounts owed by associates	39	28
Other debtors	2,046	1,458
Prepayments and accrued income	664	391
Corporation tax	-	1,043
	6,129	7,571

Notes (continued)

12 Creditors

	2009 £000	2008 £000
<i>Amounts falling due within one year:</i>		
Bank overdraft	-	2,417
Trade creditors	1,180	1,299
Amounts owed to group undertakings	920	253
Other taxes and social security	130	644
Accruals and deferred income	7,429	5,369
Other creditors	503	-
	<u>10,162</u>	<u>9,982</u>
<i>Amounts falling due after one year:</i>		
Amounts owed to group undertakings	245,566	204,135
Accruals and deferred income	11,167	9,897
	<u>256,733</u>	<u>214,032</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

	2009 £000	2008 £000
Deferred taxation		
At beginning of year	2,114	13,172
(Credit)/charge to the profit and loss account	(863)	(11,058)
At end of year	<u>1,251</u>	<u>2,114</u>

The elements of deferred taxation are as follows:

	2009 £000	2008 £000
Balancing charges on the disposal of properties and accelerated capital allowances	2,409	3,218
Short term timing differences	(5)	(36)
Losses and other deductions	(1,153)	(1,068)
Deferred tax liability	<u>1,251</u>	<u>2,114</u>

Notes (continued)

14 Called up share capital

	2009 £000	2008 £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

15 Reserves

	Share premium account £000	Investment property revaluation reserve £000	Profit and loss account £000
At 1 April 2008	145	168,655	38,112
Retained profit	-	-	10,759
Dividend paid	-	-	(40,000)
Revaluation	-	(53,798)	-
Realised surplus/(loss) on disposal of investment property	-	139	(139)
At 31 March 2009	145	114,996	8,732

16 Reconciliation of movement in shareholders' funds

	2009 £000	2008 £000
(Deficit)/surplus on revaluation of investment properties	(53,798)	(29,648)
Profit for the financial year	10,759	24,842
Dividend paid	(40,000)	(30,000)
Shareholders' funds at beginning of year	207,917	242,723
Shareholders' funds at end of year	124,878	207,917

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 £39,000 (2008: £32,000). There were contributions outstanding at the end of the financial year of £3,000 (2008: £2,000).

18 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 2009 the net liability under this guarantee across the group, inclusive of the company's own borrowings, amounted to £284,625,000 (2008: £250,684,000).

Notes *(continued)*

19 Related party transactions

During the year the company received rental income of £60,000 (2008: £224,000) from Edenbridge Mill Limited and its subsidiaries.

During the year the company paid fees of £1,154,000 (2008: £1,125,000) to Hemway Limited.

During the year the company received rental income of £108,000 (2008: £182,000) from Crown Leisure Limited.

During the year the company received rental income of £79,000 (2008: £79,000) from Trust Inns Limited.

The family interests of Mr TJ Hemmings are shareholders in the ultimate parent company of Northern Trust Company Limited and the above companies or their ultimate parent company.

20 Ultimate parent company

The ultimate parent company in the UK 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