

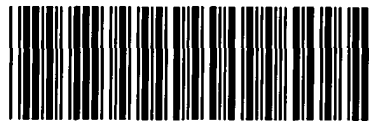
Northern Trust Company Limited

Annual report and financial statements

Registered number 735621

31 March 2023

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Strategic report

Objectives

To operate a profitable and successful business providing returns to shareholders.

Strategy

The principal strategy is to continue to invest in the property portfolio with selective acquisitions. The portfolio is actively managed by our asset managers in five offices around the UK. The focus is on void reduction, rental growth and maintaining the estate through a comprehensive planned maintenance program.

Performance during the year

Turnover in the year increased to £56.8m (2022: £52.9m).

Operating profit before investment property revaluation was £35.8m (2022: £34.2m).

The loss before tax for the year was £30.5m (2022: £115.7m profit) after a reduction for investment property revaluation of £55.6m (2022: £90.1m increase).

The balance sheet has net assets of £352.7m (2022: £378.4m) at the year end

Section 172 statement

In accordance with section 172(1) of the Companies Act 2006, in carrying out their duty to promote the success for its shareholders and in making key decisions, the directors have regard to the likely long term consequences of those decisions, employees' interests, other stakeholders including tenants and suppliers, the community and the environment and maintaining a reputation for high standards of business.

Likely long term consequences of their decisions

The Northern Trust business has been operating under the same family ownership for 61 years. In considering all key decisions, the preservation and enhancement of long term asset value and shareholder value are priorities of the directors.

Employees' interests

Further details on this are set out in the Directors' Report.

Fostering business relationships with suppliers, customers and others

Further details on this are set out in the Directors' Report.

Operational impacts on the community and environment

We engage with the local community through the planning process, supporting local charities and by providing employment. The directors and senior management are committed to protecting the environment by reducing GHG emissions as set out in the Directors' Report.

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.

The Company's principal activity is that of property investment, primarily within the multi-let industrial property sector. The Company has an investment property portfolio widely spread across geographic areas and with over three thousand tenants operating businesses across a range of economic sectors. Whilst acknowledging the risk of ongoing uncertainties in the wider UK economy which may impact all UK companies going forward, the directors do not consider the market in which the Company operates to be significantly impacted.

Strategic report *(continued)*

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 Group to which the Company belongs bank facilities were due to mature in June 2022 and the Group entered into a new facility, with the existing lender in April 2022 for a further 7 years. The Group and Company have a sound financial base and sufficient financial resources to meet the business's requirements.

By order of the board



ML Widders
Director

Lynton House
Ackhurst Park
Chorley
Lancashire
PR7 1NY

6 July 2023

Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2023.

Principal activities

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

Results and dividends

The retained loss after taxation for the financial year is £22.7m (2022: £75.5m profit). A dividend was paid in the year of £3.0m (2022: £6.0m).

Director

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

PL Hemmings
PG Hemmings
TR Parkinson
MJ Grindrod
K Revitt
ML Widders
OL Blythe – appointed 29 November 2022

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Company has substantial financial resources and an investment property portfolio widely spread across geographic areas, with over three thousand tenants operating businesses across the range of economic sectors.

As a consequence, as set out in note 1, the directors believe that the Group is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Employees' Interests

The Company recognises the importance of engaging employees to help them make their fullest contribution to the business, which is fundamental to achieving the Company's strategy and long-term objectives.

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.

Annual appraisals are carried out to ensure that employees are given adequate feedback on their performance, identify training requirements and progression opportunities.

The Company is committed to improving the skills of employees through training and development and through encouraging employees to feel valued and motivated to achieve their potential. When vacancies occur, the skills and experience of all relevant employees are assessed and wherever possible vacancies are filled by promotion from within the organisation.

Statistics relating to the average number of people employed by the Company during the year can be found in Note 4 of the accounts.

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.

Directors' report (continued)

Business Relationships

The Directors recognise it is essential for the ongoing success and reputation of the business to develop strong relationships across its tenant, supplier and wider stakeholder community. In order to achieve this, it applies a structure to build relationships through head office and regional offices.

The Directors and senior management consider the interests of the shareholder and all stakeholders at its regular board and management meetings and ensure that all stakeholders interests are considered when it is appropriate to do so.

Reporting of GHG Emissions

The statement reports the Company's GHG emissions for the period 1 April 2022 to 31 March 2023 in accordance with the Streamlined Energy and Carbon Reporting (SECR).

The data has been calculated in accordance with SECR guidance and included GHG emissions for all assets and facilities under the Company's direct operational control.

We have sourced our emissions factors from 2022 UK government GHG Conversion Factors for Company Reporting.

The intensity ratio is calculated using investment property turnover for the period 1 April 2022 to 31 March 2023. The Company's target is a 20% reduction in carbon emissions intensity by the year to 31 March 2025 against year to 31 March 2020 as a baseline.

The Company has undertaken a number of energy efficient actions during the year, including implementing a number of recommendations from the audit reports commissioned under the Energy Savings Opportunities Scheme (ESOS).

	2023 Tonnes CO2	2022 Tonnes CO2
Global GHG Emissions Data in Tonnes CO2		
Electricity	532	148
Gas	426	388
Diesel	144	144
	<hr/>	<hr/>
Total CO2 emissions	1,102	680
	<hr/>	<hr/>
	£000	£000
Turnover	56,756	52,871
	<hr/>	<hr/>
Intensity CO2 Tonnes per Turnover	0.0194	0.0129
	<hr/>	<hr/>

The data is distorted by the number of sites directly under the company's operational control. The intensity CO2 tonnes per turnover ratio of 0.0194 is 31% below the ratio of 0.0281 for the year to 31 March 2020.

Directors' report *(continued)*

Donations

The Company made charitable donations of £250,000 (2022: £25,000) in the year.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor 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 auditor is 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 auditor is aware of that information.

By order of the board



ML Widders
Director

Lynton House
Ackhurst Park
Chorley
Lancashire
PR7 1NY

6 July 2023

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

The directors are responsible for preparing the Strategic Report, 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

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

Opinion

We have audited the financial statements of Northern Trust Company Limited (the "Company") for the year ended 31 March 2023 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, local management as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management.

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

Fraud and breaches of laws and regulations – ability to detect *(continued)*

Identifying and responding to risks of material misstatement due to fraud (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition as our consideration of fraud risk factors associated with incentives, pressures, attitudes and opportunities did not highlight that heightened fraud risk factors were present.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of the design and implementation of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unexpected accounts combinations.
- Assessing significant estimates for evidence of bias, including those relating to the revaluation of the Company's investment property portfolio.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of Company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

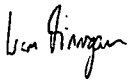
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

7/7/2023

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 March 2023

	Note	2023 Excluding investment property revaluation	2023 Investment property revaluation	2023 Total £000	2022 Excluding investment property revaluation	2022 Investment property revaluation	2022 Total £000
Turnover	1	56,756	-	56,756	52,871	-	52,871
Cost of sales		(12,961)	-	(12,961)	(11,345)	-	(11,345)
Gross profit		43,795	-	43,795	41,526	-	41,526
Administrative expenses	3	(7,992)	-	(7,992)	(7,325)	-	(7,325)
Investment property revaluation		-	(55,552)	(55,552)	-	90,140	90,140
Other operating income	2	1	-	1	7	-	7
Operating (loss) / profit		35,804	(55,552)	(19,748)	34,208	90,140	124,348
Income from shares in group undertakings		-	-	-	-	-	-
Interest receivable and similar income	6	209	-	209	268	-	268
Interest payable and similar charges	7	(10,994)	-	(10,994)	(8,908)	-	(8,908)
(Loss) / profit before taxation		25,019	(55,552)	(30,533)	25,568	90,140	115,708
Taxation on (loss) / profit	8	(5,804)	13,619	7,815	(5,829)	(34,369)	(40,198)
(Loss) / profit for the year		19,215	(41,933)	(22,718)	19,739	55,771	75,510
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		19,215	(41,933)	(22,718)	19,739	55,771	75,510

The notes on pages 14 to 26 form part of the financial statements.

Balance Sheet

as at 31 March 2023

	Note	2023		2022	
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	9		715,017		752,226
Investments	10		-		-
			<u>715,017</u>		<u>752,226</u>
Current assets					
Stocks	11	21		44	
Debtors	12	13,864		16,017	
Cash at bank and in hand		35,397		18,190	
		<u>49,282</u>		<u>34,251</u>	
Creditors: amounts falling due within one year	13	(13,932)		(267,509)	
Net current assets / (liabilities)			<u>35,350</u>		<u>(233,258)</u>
Total assets less current liabilities			<u>750,367</u>		<u>518,968</u>
Creditors: amounts falling due after more than one year	13		(336,458)		(66,703)
Provisions for liabilities and charges	14		(61,207)		(73,845)
			<u>352,702</u>		<u>378,420</u>
Net assets			<u>352,702</u>		<u>378,420</u>
Capital and reserves					
Called up share capital	15		1,005		1,005
Share premium account			145		145
Investment property revaluation reserve			281,322		323,255
Profit and loss account			70,230		54,015
			<u>352,702</u>		<u>378,420</u>
Equity shareholders' funds			<u>352,702</u>		<u>378,420</u>

Approved by the board of directors on 6 July 2023 and signed on its behalf by:



ML Widders
Director

Registered number 735621

The notes on pages 14 to 26 form part of the financial statements.

Statement of Changes in Equity

	Called up share capital £000	Share premium £000	Revaluation reserve £000	Profit & loss account £000	Total equity £000
Balance at 1 April 2021	1,005	145	267,484	40,276	308,910
Total comprehensive income for the period					
Profit for the year	-	-	-	75,510	75,510
Investment property revaluation	-	-	90,140	(90,140)	-
Deferred tax on revaluation	-	-	(34,369)	34,369	-
Total comprehensive income for the period	-	-	55,771	19,739	75,510
Transactions with owners recorded directly in equity					
Dividends paid and proposed	-	-	-	(6,000)	(6,000)
Balance at 31 March 2022	1,005	145	323,255	54,015	378,420
Balance at 1 April 2022	1,005	145	323,255	54,015	378,420
Total comprehensive income for the period					
Loss for the year	-	-	-	(22,718)	(22,718)
Investment property revaluation	-	-	(55,552)	55,552	-
Deferred tax on revaluation	-	-	13,619	(13,619)	-
Total comprehensive income for the period	-	-	(41,933)	41,933	-
Transactions with owners recorded directly in equity					
Dividends paid and proposed	-	-	-	(3,000)	(3,000)
Balance at 31 March 2023	1,005	145	281,322	70,230	352,702

The notes on pages 14 to 26 form part of the financial statements.

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 and under the historical cost accounting rules.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014.

The Company's parent undertaking, Northern Trust Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Northern Trust Group Limited are available to the public and may be obtained from the address included in note 19. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares from the beginning to the end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company is exempt by virtue of s400 of the Companies Act 2006 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.

Going concern

The company is a subsidiary of Northern Trust Group Limited and is party to a group banking arrangement with that group. The Directors of Northern Trust Group Limited have considered the going concern status of the group, which include the forecasts for this company, and have concluded that it remains appropriate to prepare the financial statements of the group on a going concern basis.

The financial statements of Northern Trust Group Limited include the following disclosures;

At 31 March 2023, the Group had cash balances of £35.7m and recorded a profit (before revaluation losses on investment properties) of £25.3m for the year then ended.

The Group's activities are funded through a combination of bank facilities and cash generated from operations. The bank facilities have financial covenants associated with them. In the current and prior years, the Group has complied with the terms of its bank facility. The bank facilities were due to mature in June 2022 and the Group entered into a new facility, with the existing lender, in April 2022 for a further 7 years.

The Directors have prepared cash flow forecasts for at least 12 months from the date of approval of the financial statements, which also consider the impact of current uncertainty. Whilst acknowledging the risk of ongoing uncertainties in the wider UK economy which may impact all UK companies going forward, the directors do not consider the market in which the Group operates to be significantly impacted.

The Group's forecasts indicate that the Group will be able to operate within the terms of its available facilities and comply with the associated covenants and will therefore be able to meet its liabilities as they fall due for payment. Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Having considered this, the directors of this company have also concluded that the going concern basis remains appropriate for this company.

Notes (continued)

1 Statement of accounting policies (continued)

Accounting estimates and judgements

The Directors, in application of these accounting policies, have made certain judgements and estimates that may have a significant effect on the financial statements. A key area of judgement made by the Directors in these financial statements has been the valuation of the Company's investment property estate at 31 March 2023.

The Directors revalue the entire estate to fair value at the balance sheet date. Fair value is determined for each property with reference to annual rental income and yield the Directors anticipate a market participant would apply in determining the value of a property. Assumptions in respect of the value for each property are adjusted for site specific factors such as property age, quality, condition, tenancy and location. These assumptions are further informed by third party valuations and other market based evidence, such as transactions for similar properties and wider sector transactions. Some properties will be valued in excess of the current rental and yield where short term factors mean rental income is below an expected level. Expected yields range between 4.75%-8.75% for the majority of the Company's estate.

Related party transactions

In accordance with FRS 102, as the Company is a wholly-owned subsidiary of Northern Trust Group Limited, it has therefore not disclosed transactions or balances with wholly-owned subsidiaries which form part of the group.

Turnover

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

Investment properties and revaluation

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

The Directors value the investment property portfolio each year end in compliance with FRS 102 Section 16 and the Company's stated policy of revaluation. The value of the investment property estate is assessed by the Directors of the Company, who perform a detailed valuation exercise on an individual property basis utilising market data and their knowledge of the estate on a property by property basis. Whilst this valuation is internal and not carried out by an external specialist, the Directors consider that the individuals performing this valuation have considerable experience in the sector, have an in-depth knowledge of the portfolio and as such are the best placed to determine appropriate market values. Once determined, the valuation is reviewed and adopted by the Board. In accordance with FRS 102 section 16 gains and losses on revaluation are recognised in the profit and loss account.

Further details are included in the Accounting Estimates and Judgements note.

Notes (continued)

1 Statement of accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The depreciation rates are as follows:

Short leasehold	Over the period of the lease
CCTV	10%
Plant and machinery	15%
Computer equipment	20%
Motor vehicles	25%

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. Where 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 in subsidiaries are stated at cost less impairment.

Employee benefits

Defined contribution plans and other long-term employee benefits

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 scheme.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established.

Notes (continued)

1 Statement of accounting policies (continued)

Basic Financial Instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Other operating income

Other operating income forms part of the Company's normal trading activities and comprise the following:

	2023 £000	2022 £000
Profit on disposal of investment properties	1	-
Profit on disposal of other fixed assets	-	7
	<u>1</u>	<u>7</u>

3 Expenses and auditor's remuneration

Administrative expenses include:

	2023 £000	2022 £000
Depreciation of tangible fixed assets	394	327
Auditor's remuneration:		
- in respect of the statutory audit of these financial statements	104	38
- in respect of taxation services provided	100	71
- other advisory services	-	-
	<u>204</u>	<u>109</u>

4 Staff numbers and costs

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

	2023 Number	2022 Number
Operational	15	16
Management and administration	70	69
	<u>85</u>	<u>85</u>

	2023 £000	2022 £000
<i>Employee costs (including directors):</i>		
Wages and salaries	3,829	3,682
Social security costs	444	404
Other pension costs	198	192
	<u>4,471</u>	<u>4,278</u>

Notes (continued)

5 Directors' remuneration

The remuneration of the Company's directors was:-

	2023 £000	2022 £000
Directors' emoluments for services as directors	718	619
Company contributions to defined contribution pension scheme	45	36
Total	<u>763</u>	<u>655</u>

The number of directors to whom benefits are accruing under the defined contribution schemes is four (2022: three).

The aggregate of emoluments and benefits received by the highest paid director was £249,000 (2022: £226,000) and company pension contributions of £13,000 (2022: £11,000) were made on their behalf.

6 Interest receivable and similar income

	2023 £000	2022 £000
On loans to group undertakings	191	268
Other interest receivable	18	-
	<u>209</u>	<u>268</u>

7 Interest payable and similar charges

	2023 £000	2022 £000
On bank loans and overdrafts	9,231	7,316
On loans from group undertakings	1,763	1,592
Interest payable and similar charges	<u>10,994</u>	<u>8,908</u>

Notes (continued)

8 Taxation on (loss) / profit on ordinary activities

	2023 £000	2022 £000
UK Corporation tax at 19% (2022: 19%):		
Current year	5,221	5,251
Adjustment relating to prior year	(398)	(80)
Total current tax charge for the year	4,823	5,171
Deferred tax		
Current year	(9,990)	23,008
Adjustment in respect of prior period	506	(259)
Effect of change in tax rates	(3,154)	12,278
Total deferred tax (credit) / charge for the year (note 14)	(12,638)	35,027
Total tax (credit) / charge for the year	(7,815)	40,198

The current tax charge for the year is higher (2022: higher) than the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £000	2022 £000
(Loss) / profit for the year	(22,718)	75,510
Tax (credit) / expense	(7,815)	40,198
(Loss) / profit on ordinary activities before taxation	(30,533)	115,708
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	(5,801)	21,984
Effects of:		
Adjustment relating to prior period	(399)	(80)
Adjustment relating to prior period – deferred tax	506	(259)
Effect of change in tax rate	(3,154)	17,723
Fixed asset differences	(38)	(8)
Additional deduction for land remediation expenditure	(9)	(5)
Expenses not deductible for tax purposes	2	2
Group relief claimed	(2,329)	(2,765)
Payment for group relief	3,309	3,339
Capital gains	98	267
Total tax (credit) / charge included in profit or loss	(7,815)	40,198

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. On 24 May 2021 the increase in the corporation tax rate to 25% announced in the March 2021 Budget was substantively enacted (effective from 1 April 2023). This will increase the Company's future current tax charge accordingly. The deferred tax liability at 31 March 2023 has been calculated based on 25% (2022: 25%).

Notes (continued)

9 Tangible fixed assets

	Land and buildings		Plant and	Total
	Investment	Fixed	Equipment	
	Properties	Assets		
	£000	£000	£000	£000
<i>Cost or valuation</i>				
At 1 April 2022	749,133	2,159	4,807	756,099
Additions	18,243	-	1,120	19,363
Disposals	(625)	-	(1,112)	(1,737)
Reclassification	2	(2)	-	-
Revaluation	(55,552)	-	-	(55,552)
At 31 March 2023	711,201	2,157	4,815	718,173
<i>Depreciation</i>				
At 1 April 2022	-	-	3,873	3,873
Charge for year	-	-	394	394
Disposals	-	-	(1,111)	(1,111)
At 31 March 2023	-	-	3,156	3,156
<i>Net book value</i>				
At 31 March 2023	711,201	2,157	1,659	715,017
<i>Net book value</i>				
At 1 April 2022	749,133	2,159	934	752,226

At 31 March 2023 the investment properties were revalued to open market value by the directors.

If stated under historical cost principles the comparable amounts for investment properties would be:

	2023	2022
	£000	£000
Cost	379,056	359,767

10 Fixed asset investments

	Shares in subsidiary undertakings
	£000
<i>Cost</i>	
1 April 2022 and 31 March 2023	-
<i>Provision</i>	
1 April 2022 and 31 March 2023	-
<i>Net book value</i>	
1 April 2022 and 31 March 2023	-

Notes (continued)

10 Fixed asset investments (continued)

The Company's operating subsidiary undertakings at 31 March 2023 are set out below. All operate in the United Kingdom and are registered in England at Lynton House, Ackhurst Park, Foxhole Road, Chorley, Lancashire, PR7 1NY.

Company	Class of capital and percentage held	Activity
<i>Subsidiary undertakings</i>		
Metacre Limited	Ordinary 100%	Land and property investment
Whittle Jones Group Limited	Ordinary 100%	Dormant company
Barrington Court Management Company Limited	Ordinary 60%	Dormant company

11 Stocks

	2023 £000	2022 £000
Work in progress	21	44

12 Debtors

	2023 £000	2022 £000
Trade debtors	2,693	4,164
Other debtors	5,042	5,013
Prepayments and accrued income	989	786
Amounts owed by group undertakings	3,877	5,482
Amounts owed by related parties	177	135
Corporation tax	1,086	437
	<u>13,864</u>	<u>16,017</u>

13 Creditors

	2023 £000	2022 £000
<i>Amounts falling due within one year:</i>		
Trade creditors	680	411
Amounts owed to related parties	299	553
Bank loan	-	229,929
Other taxes and social security	1,369	1,244
Accruals and deferred income	9,956	7,151
Other creditors	1,627	1,818
Intra-group loan	-	25,000
Interest payable	1	1,403
	<u>13,932</u>	<u>267,509</u>

The intra-group loan of £25,000,000 was repaid to Wordon Limited and was interest free.

Notes (continued)

13 Creditors (continued)

	2023 £000	2022 £000
<i>Amounts falling due after one year:</i>		
Amounts owed to group undertakings	51,606	50,017
Bank loan	267,972	-
Accruals and deferred income	16,880	16,686
	<u>336,458</u>	<u>66,703</u>

The bank loan is repayable on 20th April 2029 and is secured by fixed and floating charge on the group's assets. Interest is payable on the bank loan at a fixed rate of 1.7099% plus margin.

The group to which the Company belongs completed the refinancing of its bank facilities in April 2023, securing new facilities with the existing lenders for a further 7 years.

	2023 £000	2022 £000
Bank loan payable:		
Within one year	-	229,929
Between two and five years	-	-
In over five years	267,972	-
	<u>267,972</u>	<u>229,929</u>

14 Deferred tax liability

	2023 £000	2022 £000
Deferred taxation		
At beginning of year	73,845	38,818
(Credit) / charge to the profit and loss account	(12,638)	35,027
	<u>61,207</u>	<u>73,845</u>
At end of year	61,207	73,845

The elements of deferred taxation are as follows:

	2023 £000	2022 £000
Fixed asset timing differences	6,644	5,546
Short term timing differences	(4)	(8)
Capital gains	54,567	68,307
Deferred tax liability	<u>61,207</u>	<u>73,845</u>

Notes (continued)

15 Called up share capital

	2023 £000	2022 £000
<i>Authorised</i>		
10,000,000 ordinary shares of £0.25 each	2,500	2,500
	<hr/>	<hr/>
<i>Allotted and fully paid</i>		
4,021,431 ordinary shares of £0.25 each	1,005	1,005
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

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 £198,000 (2022: £192,000). There were contributions outstanding at the end of the financial year of £31,000 (2022: £30,000).

17 Operating leases

Leases as lessee:

Non-cancellable operating lease rentals are payable as follows:

	2023 £000	2022 £000
Less than one year	165	138
Between one and five years	144	104
	<hr/>	<hr/>
	309	242
	<hr/>	<hr/>

During the year £173,000 was recognised as an expense in the profit and loss account in respect of operating leases (2022: £136,000).

Leases as lessor:

The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	2023 £000	2022 £000
Less than one year	39,785	27,842
Between one and five years	45,739	48,747
More than five years	11,857	22,645
	<hr/>	<hr/>
	97,381	99,234
	<hr/>	<hr/>

Notes (continued)

18 Related party transactions

Hemway Limited

During the year the Company paid management fees of £855,000 (2022: £880,000) to Hemway Limited. There was no amount outstanding at either year end.

Trust Inns Limited

During the year the Company has received rental income of £78,800 (2022: £78,800) from Trust Inns Limited. The Company charged fees during the year of £15,000 (2022: £15,000) to Trust Inns Limited for services provided by the Company. There was no balance outstanding at either year end.

During the year the Company claimed tax losses of £nil (2022: £nil) from Trust Inns Limited. At the year-end an amount of £129,000 (2022: £129,000) was outstanding in respect of tax losses claimed.

Classic Lodges Limited

The Company charged fees during the year of £32,000 (2022: £32,000) to Classic Lodges Limited for services provided by the Company. There was no amount outstanding at either year end.

During the year the Company claimed tax losses of £334,000 (2022: surrendered tax losses of £20,000) from Classic Lodges Limited. At the year-end an amount of £110,000 was due to Classic Lodges Limited in respect of tax losses claimed (2022: £74,000 due from Classic Lodges).

Trustair Limited

During the year the Company claimed tax losses of £60,000 (2022: £80,000) from Trustair Limited. At the year-end an amount of £60,000 (2022: outstanding £80,000) was due in respect of tax losses claimed.

Ambrose Hire Limited

The Company charged fees during the year of £5,000 (2022: £5,000) to Ambrose Hire Limited for services provided and made purchases of £5,000 (2022: £1,000) from Ambrose Hire Limited. There was no amount outstanding at either year end.

At the year-end £nil (2022: £51,000) is due from Ambrose Hire in respect of tax losses surrendered.

Preston North End Football Club Limited

During the year the Company claimed tax losses of £2,914,000 (2022: £3,279,000) from Preston North End Football Club Limited. At the year-end an amount of £169,000 was due from Preston North End in respect of tax losses claimed (2022: £344,000 due to).

Wordon Limited

During the year management fees of £600,000 (2022: £600,000) were paid to Wordon Limited. At the year-end £nil (2022: £25,000,000) is due to Wordon Limited in respect of a shareholder loan.

Trevor Hemmings Foundation

During the year a charitable donation of £250,000 (2022: £25,000) was made to Trevor Hemmings Foundation.

Notes (continued)

18 Related party transactions (continued)

Sagar Pension Plan

The Company charged fees during the year of £4,000 (2022: £21,000) to Sagar Pension Plan for services provided. There was no amount outstanding at either year end.

The estate of Mr TJ Hemmings (deceased) are shareholders in the ultimate parent Company of Northern Trust Company Limited and the above companies or their ultimate parent company.

Brad Estates Limited, a fellow subsidiary of Northern Trust Group Limited, is the principal employer in relation to the Sagar Pension Plan.

A&S Holdings Limited

During the year the Company charged fees of £62,000 (2022: £53,000) to A&S Holdings Limited. There was no amount outstanding at either year end.

K Revitt is a director of A&S Holdings Limited and the Company.

19 Parent company and controlling party

The ultimate controlling party is Wordon Limited, whose registered office is Masonic Building, Water Street, Ramsey, Isle of Man and wholly owned by the estate of Mr TJ Hemmings (deceased). Wordon Limited does not prepare consolidated accounts.

The ultimate parent company in the UK is Northern Trust Group 1 Limited, a company registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Northern Trust Group 1 Limited. The 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 1 Limited and 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