

Northern Trust Fiduciary Services (UK) Limited

**Annual Financial Statements
for the year ended 31st December 2007
together with Directors' and Independent Auditors' Reports**



Registered in England No. 2362041



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Northern Trust Fiduciary Services (UK) Limited
Company Information
For the year ended 31st December 2007



Northern Trust

Directors

Ms A Molineux
Mrs T Parker
Ms K Saunders

Company Secretary

Mr M Wright

Registered Office

50 Bank Street
Canary Wharf
London
E14 5NT

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Solicitors

Clifford Chance
Limited Liability Partnership
10 Upper Bank Street
Canary Wharf
London E14 5JJ

Northern Trust Fiduciary Services (UK) Limited
Directors' Report
For the year ended 31st December 2007



The Directors have pleasure in presenting their annual report on the affairs of Northern Trust Fiduciary Services (UK) Limited ("the Company") together with the financial statements and Auditors' Report, for the year ended 31st December 2007

Principal activities

The principal activity of the Company during the year continued to be the provision of trust administration services to clients, based within the UK

Operational and financial review

The company has maintained its core business operations since the acquisition of the Financial Services Group during 2005. It is the intention of the Directors, with encouragement of the parent company, to continue to support trust clients whose profiles are aligned with the Northern Trust group strategy.

Financial risk management

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company aims to achieve an appropriate balance between risk and return and to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Asset and Liability Committee (ALCO), the Credit Policy, Business Risk and Senior Credit and Counterparty Risk Management Committees of the ultimate parent company. Risk is assessed and managed by these committees under the Asset and Liability Management Policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, liquidity risk, foreign exchange risk, operational risk and credit risk. The internal audit function of the ultimate parent company is responsible for the independent review of risk management and the control environment.

Financial resources and going concern

At 31st December 2007 the Company had net funds of £1,017,387 (2006: £1,068,591). Having assessed the future funding requirements of the Company, the Directors are of the opinion that it is appropriate for the accounts to be prepared on a going concern basis.

Future outlook of the business

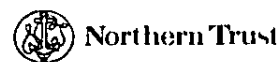
It is the intention of the Directors to continue to develop the core activities of the Company, further developing relationships with existing clients and expand the client base of the Company.

Results and dividend

The financial statements for the year ended 31st December 2007 are set out on pages 7 to 15. The loss for the year after taxation was £51,204 (2006: loss £339,493).

The Directors do not recommend the payment of a dividend (2006: nil).

Northern Trust Fiduciary Services (UK) Limited
Directors' Report (continued)
For the year ended 31st December 2007



Directors

The Directors who served during the year were as follows

Ms A Molineux	British	<i>(Appointed 3rd March 2008)</i>
Mr F L Nejd	American	<i>(Resigned 31st August 2007)</i>
Mrs T Parker	American	<i>(Appointed 16th April 2008)</i>
Mr N Ring	British	<i>(Resigned 3rd April 2008)</i>
Ms K Saunders	British	
Ms C Wilson	British	<i>(Appointed 3rd September 2007, Resigned 3rd March 2008)</i>

Company Secretary

Mr M Wright

Charitable and political contributions

The Company made no charitable or political contributions during the year

Disclosure of information to auditors

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/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to an elective resolution passed by the sole shareholder of the Company, the Company has elected pursuant to Section 386(1) of the Companies Act 1985 to dispense with the annual obligation to appoint KPMG Audit Plc as auditors of the Company

By order of the Board,

A handwritten signature in black ink, appearing to read "Ms K Saunders", with a horizontal line extending to the right.

Ms K Saunders
Director

1st August 2008

Northern Trust Fiduciary Services (UK) Limited
Statement of Directors' Responsibilities
For the year ended 31st December 2007



Northern Trust

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 the 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, and
- prepare the financial statements on a 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.

Independent Auditors' Report

To the Members of Northern Trust Fiduciary Services (UK) Limited For the year ended 31st December 2007

We have audited the financial statements of Northern Trust Fiduciary Services (UK) Limited for the year ended 31st December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Accounting Policies 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 5.

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 if, in our opinion, 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 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31st December 2007 and of its loss 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 Audit Plc
Registered Auditors
8 Salisbury Square
London
EC4Y 8BB

1st August 2008

Northern Trust Fiduciary Services (UK) Limited
Profit and Loss Account
For the year ended 31st December 2007



Northern Trust

	Notes	2007 GBP	2006 GBP
Income	1	571,270	726,772
Administrative expenses	2	(717,780)	(1,166,432)
Loss on ordinary activities before interest		(146,510)	(439,660)
Interest receivable from group undertakings		75,574	54,828
Loss on ordinary activities before taxation		(70,936)	(384,832)
Taxation	4	19,732	45,339
Loss on ordinary activities after taxation		(51,204)	(339,493)

The Company had no recognised gains or losses in the current or preceding financial year other than those shown above

There are no material differences between the result as disclosed above and the result as given by an unmodified historical cost basis

All income and expenses arise from continuing activities

The statement of accounting policies and notes on pages 9 to 15 form an integral part of these financial statements


Northern Trust Fiduciary Services (UK) Limited
Balance Sheet
As at 31st December 2007



Northern Trust

	Notes	2007 GBP	2006 GBP
Assets			
Cash at bank and in hand		1,052,369	1,189,686
Debtors amounts falling due within one year	5	400,965	654,963
Total assets		1,453,334	1,844,649
Liabilities			
Creditors amounts falling due within one year	6	435,947	776,058
Total liabilities		435,947	776,058
Equity			
Called up share capital	7	1,850,002	1,850,002
Profit and loss account	8	(832,615)	(781,411)
Total equity		1,017,387	1,068,591
Total liabilities and equity		1,453,334	1,844,649

These financial statements were approved by the Board of Directors on 1st August 2008 and signed on its behalf by


 Ms K Saunders
 Director

The statement of accounting policies and notes on pages 9 to 15 form an integral part of these financial statements

Northern Trust Fiduciary Services (UK) Limited
Statement of Accounting Policies
For the year ended 31st December 2007



Northern Trust

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with the historic cost convention and UK Accounting Standards (UK Generally Accepted Accounting Practice)

Income

Income represents fee revenue for services provided in the normal course of business, net of VAT and general operating expenditure

Fee income derived from financial services provided to customers is recognised as follows

- income earned and expenses incurred on the execution of a significant act is recognised in the profit and loss account when the act is completed,
- income earned and expenses incurred for the provision of services is recognised in the profit and loss account as the services are provided (for example, trust administration services)

Interest income

Interest income and expense for all interest-bearing financial instruments, except those classified as held for trading or designated at fair value, are recognised in 'Interest receivable' and 'Interest payable' in the profit and loss account using the effective interest rates of the financial assets or financial liabilities to which they relate

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments earned or paid on a financial asset or liability through its expected life or where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The effective interest rate includes all estimated cash flows considering the contractual terms of the financial instrument, but exclude the risk of future credit losses

Taxation

Corporation tax is calculated based on the taxable profits/loss for the year. Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency

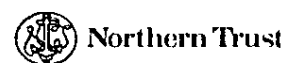
The functional currency of the company is Sterling. The Directors consider it appropriate, therefore, to prepare the Company's financial statements in this currency.

Transactions in currencies other than Sterling are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Cash flow statement

The Company has taken advantage of the exemption available under Financial Reporting Standard 1 (Revised 1996) - Cash Flow Statements not to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a company whose financial statements are publicly available.

Northern Trust Fiduciary Services (UK) Limited
Statement of Accounting Policies (continued)
For the year ended 31st December 2007



Related party transactions

As a subsidiary undertaking of Northern Trust Corporation, the Company has taken advantage of the exemption in Financial Reporting Standard 8 - Related Party Disclosures not to disclose transactions with other members of the group headed by Northern Trust Corporation

Comparatives

To the extent necessary the comparatives have been adjusted to facilitate changes in the presentation of the current year amounts

Northern Trust Fiduciary Services (UK) Limited
Notes to the Financial Statements
For the year ended 31st December 2007



1 Income	2007 GBP	2006 GBP
Trust administration fees	530,812	687,203
Other income	40,458	39,569
	<u>571,270</u>	<u>726,772</u>

Trust administration fees are derived from trust administration services provided to UK clients

2 Administrative expenses	2007 GBP	2006 GBP
Staff costs		
- Salaries	-	647,967
- Social Security costs	-	51,323
- Other pension costs	-	35,165
Total employee remuneration	-	734,455
Auditors' remuneration		
- Audit fees for statutory audit	4,005	4,077
- Tax services	3,004	-
- Other services	1,101	1,122
Total auditors' remuneration	8,110	5,199
Doubtful debts expense	3,510	-
Other administrative expenses	706,160	426,778
Administrative expenses	<u>717,780</u>	<u>1,166,432</u>

On 1st January, 2007 the Company entered into an outsourcing arrangement with Northern Trust Management Services Limited ("NTMS"), a fellow group undertaking. NTMS assumed responsibility for the administrative functions of the Company and subsequently recharges the Company for these services. The legal employer of the Company's staff is NTMS.

NTMS operates both a defined benefit and defined contribution retirement scheme as well as a post retirement medical scheme. Full details of the pension arrangements to which the Company is a party are disclosed in the accounts of Northern Trust Management Services Limited.

The average number of staff employed in management and administration by the Company during the year ended 31st December 2006 was 5. These employees were legally employed by NTMS and their respective costs recharged to the Company.

3 Directors' remuneration	2007 GBP	2006 GBP
The remuneration of Directors was as follows		
Emoluments	141,501	128,892
Pension costs	9,508	30,332
	<u>151,009</u>	<u>159,224</u>

Directors' remuneration is borne by Northern Trust Management Services Limited and is recharged to the Company (see Note 2).

Northern Trust Fiduciary Services (UK) Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2007



4 Taxation	2007 GBP	2006 GBP
Analysis of credit in the year		
<i>Current tax</i>		
UK Corporation tax		
Current tax credit on loss for the year	(21,284)	(114,716)
Adjustment in respect of prior periods	1,552	(3,678)
Total current corporation tax credit	<u>(19,732)</u>	<u>(118,394)</u>
<i>Deferred Tax</i>		
Write-off prior year tax losses	-	73,055
Total deferred tax charge	<u>-</u>	<u>73,055</u>
Total tax credit on loss on ordinary activities	<u>(19,732)</u>	<u>(45,339)</u>
	2007 GBP	2006 GBP
Current tax reconciliation		
Loss on ordinary activities before tax	<u>(70,936)</u>	<u>(384,832)</u>
Current tax credit at 30% (2006 30%)	(21,281)	(115,450)
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	747
Capital allowances for the year in excess of depreciation	(3)	(13)
Adjustment to tax charge in respect of previous periods	1,552	(3,678)
Total current tax credit for the year	<u>(19,732)</u>	<u>(118,394)</u>
5 Debtors: amounts falling due within one year	2007 GBP	2006 GBP
Trade debtors	99,052	49,057
Amounts owed by group undertakings	161,587	146,512
Other debtors	-	91,936
Accrued income	94,621	146,977
Taxation	45,705	220,481
	<u>400,965</u>	<u>654,963</u>

• **Northern Trust Fiduciary Services (UK) Limited**
Notes to the Financial Statements (continued)
For the year ended 31st December 2007



Northern Trust

6 Creditors amounts falling due within one year

	2007 GBP	2006 GBP
Amounts due to group undertakings	429,736	362,772
Other creditors	6,211	242,551
Accruals	-	170,735
	<u>435,947</u>	<u>776,058</u>

7 Share capital

	2007 GBP	2006 GBP
Authorised:		
2,000,000 ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
1,850,002 ordinary shares of £1 each	<u>1,850,002</u>	<u>1,850,002</u>

8 Reconciliation of movements in equity

	Share capital GBP	Profit and loss account GBP	Total GBP
At 31st December 2006	1,850,002	(781,411)	1,068,591
Loss for the year	-	(51,204)	(51,204)
At 31st December 2007	<u>1,850,002</u>	<u>(832,615)</u>	<u>1,017,387</u>

9 Contingent liability

The Company is trustee of an agricultural property unit trust ('the Trust ') set up in 1976 By an Extraordinary Resolution passed on the 15th October 1997 the unit holders resolved to terminate the Trust and arrangements were subsequently made for an orderly disposal of the various assets which were held

The assets which were held in the Trust were potentially of a nature that could lead to future claims which cannot be quantified at this time To mitigate the risk the Company, in its capacity as Trustee, has secured trustee liability cover and environmental cover An amount is also held in the Trust to meet claims not met by the insurance policies, insurance premiums, administration costs, insurance policy expenses and trustee liability related claims

No claim existed in relation to the Trust at the time of sale of the assets of the Trust and neither has such claim materialised to date

All parts of this arrangement were approved by the Committee of Management of the Trust and were presented to and approved by the unit holders in April 2002

The Company has received an undertaking from its parent company, Northern Trust GFS Holdings Limited that if amounts became payable in connection with this claim, they will be reimbursed for all reasonable costs and settlements



10 Risk management

The major risks faced by the Company are operational risk, credit risk, interest rate risk, foreign exchange risk, strategic risk and compliance risk. These risks are managed as follows:

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It is the potential that inadequate information systems, operating problems, inappropriate product design and delivery difficulties, or catastrophes will result in unexpected losses. The main components are generally referred to as business continuity, product/process, technology, and transaction risks.

The Company's operational risk framework is subject to documented procedural policies, with senior management being responsible for their implementation and maintenance.

The Directors regularly review the risk metrics of both the Company and the entity to which administrative support is outsourced, Northern Trust Management Services Limited ("NTMS"). Adherence to the policies of both the Company and NTMS, review of risk metrics and existence/appropriateness of corrective action is also subject to periodic review by Internal Audit.

Credit risk

Credit risk is the risk of financial loss arising through failure of a customer or counterparty to meet its obligations under contractual arrangements. Credit exposure arises principally through the service/debtor collection cycle being the provision of trust services, invoicing for such services and receipt of payment.

Both the Directors and the Company's ultimate parent review regularly the credit risk within the Company's balance sheet and agree appropriate action if either individual customer or cumulative credit risk is above acceptable levels.

Interest rate risk

Interest rate risk primarily arises on the disparity of the Company's assets with its funding. This is monitored regularly and is managed by the Asset and Liability Committee (ALCO) of the ultimate parent company in Chicago.

Foreign exchange risk

Foreign exchange risk is the risk of financial volatility arising from currency movements the Company has exposure to through failure to convert current or historic profits to functional currency. The Company's exposure to foreign currencies is reviewed regularly and foreign exchange spot trades transacted to close exposures when currency levels become significant.

Strategic risk

Strategic risk is the long term risk to earnings and/or capital from adverse effects of business decisions, improper implementation of business decisions, unexpected external events or damage to the Company's reputation from negative public opinion. Due to the controls in place throughout the business, including management succession plans and oversight of the business it is considered a low risk.

The Northern Trust group manages strategic risk through the development of a strategic plan which is exposed to both qualitative and quantitative risk assessment by subject experts and executive management. The Directors receive regular reports on business plans to ensure these remain consistent with the group's strategy. The Northern Trust group also has embedded processes and risk assessments for ensuring that services meet clearly defined customer needs. Performance is monitored across a range of indicators, including customer service and industry reputation.

One of the principal elements of strategic risk is that of reputational risk. The group mitigates this risk by the creation of a strong shared culture and ethos among staff worldwide, together with a similarly strong control environment.

10 Risk management (continued)

Compliance Risk

The main Compliance Risk components are generally referred to as regulatory, financial reporting and legal risk. Compliance risk results from non compliance with laws and regulations, failure to comply with financial reporting standards, agreements or regulatory requirements and from claims, lawsuits and inability to enforce contracts as expected.

The regional compliance function and the Northern Trust group are responsible for effectively managing and reporting the Company's compliance risk.

11 Ultimate parent company

The Company is a wholly owned subsidiary of Northern Trust GFS Holdings Limited, a Company incorporated in Guernsey. The ultimate parent company is the Northern Trust Corporation, incorporated in the United States of America. The results of the Company are consolidated in the group that is headed by Northern Trust Corporation. The consolidated accounts of this group are available to the public and may be obtained from, 50 South LaSalle Street, Chicago, Illinois.