Brad Estates Limited

Directors' report and financial statements

Registered number 3001669

31 March 2019

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Directors' report

The directors present their report together with the audited financial statements for the year ended 31 March 2019.

This report has been prepared taking advantage of the exemptions for small companies within Part 15 of the Companies Act 2006.

Business review

Principal activities risks and uncertainties

The company's principal activity during the year was property investment.

The company is the principal employer in relation to certain past employees' pension entitlements.

The principal uncertainties associated with this business are rental and occupancy levels, investment returns relating to pension plan assets and the sensitivity of the pension scheme liability to changes in the underlying assumptions.

Results and dividends

The profit for the year is £460,000 *(2018: £743,000)* and has been transferred to reserves. The directors do not recommend the payment of a dividend (*2018: £nil*).

Directors and directors' interests

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

J C Kay
M L Widders

Going concern

The directors continue to adopt the going concern basis in preparing these financial statements, as set out in note 1.

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 auditor is 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 auditor is aware of that information.

By order of the board

M L Widders
Director

Lynton House
Ackhurst Park
Chorley
PR7 1NY

10 July 2019

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 applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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; and
- 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.

KPMG

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Brad Estates Limited

Opinion

We have audited the financial statements of Brad Estates Limited ("the company") for the year ended 31 March 2019, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as investment property valuations and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the

Independent auditor's report to the members of Brad Estates Limited *(continued)*

company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, 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 Brad Estates 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

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

12 July 2019

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2019

	Note	2019 Before investment property revaluation £000	2019 Investment Property Revaluation £000	2019 Total £000	2018 Before investment property revaluation £000	2018 Investment Property Revaluation £000	2018 Total £000
Turnover	*1*	311	-	311	314	-	314
Cost of sales		(8)	-	(8)	(8)	-	(8)
Gross profit		303	-	303	306	-	306
Administrative expenses	*2*	(157)		(157)	(310)	-	(310)
Investment property revaluation	*7*	-	25	25	-	360	360
Operating profit		146	25	171	(4)	360	356
Interest receivable and similar income	*3*	694	-	694	850	-	850
Interest payable and similar charges	*4*	(239)	-	(239)	(270)	-	(270)
Profit on ordinary activities before taxation		601	25	626	576	360	936
Taxation on profit on ordinary activities	*5*	(162)	(4)	(166)	(132)	(61)	(193)
Profit for the year		439	21	460	444	299	743
Other comprehensive income							
Re-measurement of net defined pension liability	*9*	(1,799)	-	(1,799)	253	-	253
Deferred tax on pension scheme liability	*10*	306	-	306	(43)	-	(43)
Total comprehensive income for the year		(1,054)	21	(1,033)	654	299	953

All the results are from continuing activities.

The notes on pages 8 to 16 form part of the financial statements.

Balance Sheet
at 31 March 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Non-current assets					
Investment property	7		**4,185**		4,160
Deferred tax assets	10		**1,711**		1,567
			5,896		5,727
Current assets					
Debtors	*8*	**21,313**		21,571	
Cash at bank and in hand		**346**		438	
		21,659		22,009	
Net current assets			**21,659**		22,009
Total assets			**27,555**		27,736
Pension deficit	*9*		**(10,068)**		(9,220)
Provisions for liabilities and charges – deferred tax	*10*		**(138)**		(134)
Net assets including pension deficit			**17,349**		18,382
Capital and reserves					
Share capital	*11*		**50**		50
Profit and loss account	*12*		**17,299**		18,332
Equity shareholders' funds	*13*		**17,349**		18,382

The notes on pages 8 to 16 form part of the financial statements.

The financial statements, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, were approved by the board of directors on 10 July 2019 and signed on its behalf.

M L Widders
Director

Registered number 3001669

Notes to the financial statements

1 Accounting policies

Basis of preparation

Brad Estates Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 3001669 and the registered address is Lynton House, Ackhurst Park, Chorley, PR7 1NY.

These financial statements were prepared in accordance with Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's immediate parent undertaking, Northern Trust Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Northern Trust Group Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements throughout the current and preceding year, except as noted below.

The directors, in the application of these accounting policies, have made certain judgments and estimates that may have significant effect on the financial statements, including in connection with the valuation of investment properties and in valuing the defined benefit pension obligations.

Going concern

The company participates in the centralised treasury and banking arrangements of Northern Trust Group Limited and its subsidiaries.

The group's activities are funded through a combination of bank facilities and cash generated from operations. The group refinanced in June 2017 and secured new loan facilities of £230m for a five year term. Throughout the subsequent period to date, the group has complied with the terms of its facilities.

The directors have prepared detailed forecasts which show that the group will continue to operate within the terms of its facilities for the foreseeable future. As a result the directors consider it appropriate for the company to adopt the going concern basis.

Turnover

Turnover consists of rental income relating to the Company's investment property. All turnover is wholly attributable to the principal activity of the company and arises solely in the United Kingdom.

Investment property

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.

Subsequent to initial recognition

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model.

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.

Notes to the financial statements

1 Accounting policies *(continued)*

Taxation *(continued)*

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; and 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.

Pensions

Defined benefit plans

The company operates a defined benefit pension scheme and the pension charge is based on a 'best estimate' basis, reflecting market expectations of financial yields and related factors at the balance sheet date. The fair value of any plan assets is deducted. The company determines the (net interest expense)/income on the net defined benefit (liability)/asset for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit (liability)/asset taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA rated corporate bonds that have maturity dates approximating to the terms of the Company's obligations. A valuation is performed annually by a qualified actuary. The company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from the net interest on net defined benefit liability during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Notes *(continued)*

2 Expenses and auditors remuneration

	2019 £000	2018 £000
Auditor's remuneration:		
- in respect of the statutory audit of these financial statements	**10**	10
- in respect of tax services provided	**3**	2

3 Interest receivable and similar income

	2019 £000	2018 £000
On loans to group undertakings	**694**	850
	694	850

4 Interest payable and similar charges

	2019 £000	2018 £000
On loans from group undertakings	**14**	12
Net financing costs in respect of pension scheme	**225**	258
	239	270

5 Taxation on profit on ordinary activities

	2019 £000	2018 £000
Deferred tax charge to profit and loss account (note 10)	**166**	193
Deferred tax (credit) / charge to other comprehensive income (note 10)	**(306)**	43

A reduction in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 March 2019 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

Notes *(continued)*

5 Taxation on profit on ordinary activities *(continued)*

Reconciliation of effective tax rate

	2019 £000	2018 £000
Profit for the year	**460**	743
Total tax charge	**166**	193
Profit excluding taxation	**626**	936
Tax using the UK corporation tax rate of 19% *(2018: 19%)*	**119**	178
Impact of tax rate differences	**(19)**	(23)
Group relief surrendered	**66**	38
Total tax charge included in profit and loss	**166**	193

6 Staff numbers and costs

The company has recorded pension obligations in respect of previous employees as disclosed in note 9. The only persons employed by the company during the year were the directors, none of whom received any remuneration from the company *(2018: £nil).*

7 Investment property

	Freehold land and buildings £000	Total £000
Cost or valuation		
At 1 April 2018	4,160	4,160
Revaluations	25	25
At 31 March 2019	4,185	4,185
At 31 March 2019	**4,185**	**4,185**
At 1 April 2018	4,160	4,160

The above freehold land and buildings are not depreciated. At 31 March 2019 the investment properties were revalued to open market value by the directors.

Notes *(continued)*

8 Debtors

	2019 £000	2018 £000
Amounts due from group companies	**21,257**	21,547
Other debtors	**56**	24
	21,313	21,571

9 Pension scheme commitments

Defined benefit pension scheme

The company operates a defined benefit pension scheme in respect of previous employees. The assets of the scheme are administered by trustees in a fund separate from those of the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

At the date of the latest actuarial valuation at 31 December 2016, the market value of the assets of the scheme were £24,766,000 and the actuarial value of the assets represented 73% of the benefits accrued to members, after allowing for expected future increases in earnings. There was a deficit of £9,014,000.

In the year the company made deficit shortfall contributions of £1,300,000 *(2018: £1,300,000).*

The results of the formal actuarial valuation as at 31 December 2016 have been updated to 31 March 2019 by an independent qualified actuary in accordance with FRS 102.

The overall deficit in the scheme may be analysed as follows:

Net pension liability

	2019 £000	2018 £000
Defined benefit obligation	**(38,126)**	(35,887)
Plan assets	**28,058**	26,667
Net Pension liability	**(10,068)**	(9,220)

Notes *(continued)*

9 Pension scheme commitments *(continued)*

Movements in present value of defined benefit obligation

	2019 £000	2018 £000
At 1 April 2018	**35,887**	35,890
Interest cost	**918**	935
Loss on benefit obligation	**114**	-
Changes to demographic assumptions	**305**	-
Changes to financial assumptions	**2,100**	294
Benefits paid	**(1,198)**	(1,232)
At 31 March 2019	**38,126**	35,887

Movements in fair value of plan assets

	2019 £000	2018 £000
At 1 April 2018	**26,667**	25,643
Return on plan assets less interest	**720**	547
Administration costs	**(124)**	(268)
Contributions by employer	**1,300**	1,300
Benefits paid	**(1,198)**	(1,232)
Interest on assets	**693**	677
At 31 March 2019	**28,058**	26,667

Expense recognised in the profit and loss account

	2019 £000	2018 £000
Administration costs	**(124)**	(268)
Net financing costs in respect of pension scheme	**(225)**	(258)
Total expense recognised in profit or loss	**(349)**	(526)

The expense is recognised in the following line items in the profit and loss account:

	2019 £000	2018 £000
Interest payable and similar charges	**(225)**	(258)
Administrative expenses	**(124)**	(268)

The total amount recognised in the statement of other comprehensive income in respect of actuarial gains / losses is a loss of £1,799,000 *(2018: £253,000 gain)*.

Notes *(continued)*

9 Pension scheme commitments *(continued)*

Scheme assets

The fair values of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, were:

	Value at 2019 £000	Value at 2018 £000
Equities	**15,191**	14,578
Bonds	**3,025**	2,247
Property	**4,735**	4,735
Other – Cash	**835**	1,473
Other and alternatives	**4,272**	3,634
Total market value of assets	**28,058**	26,667
Actual return on plan assets	**1,289**	956

Principal actuarial assumptions used by the actuary in this valuation at the year end were as follows:

	2019 %	2018 %
Discount rate	**2.40**	2.60
Inflation assumption (RPI)	**3.55**	3.40
Rate of increase in pensions in payment and deferred pensions	**3.40**	3.25

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

In valuing the liabilities of the pension fund at 31 March 2019, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and projections. The assumed future life expectancies are as follows:

Current male pensioner aged 60:	26.8 years
Future male pensioner aged 40:	28.7 years

Notes *(continued)*

10 Deferred tax

	2019 £000	2019 £000	2018 £000	2018 £000
Deferred tax assets:				
Short term timing differences		(1,711)		(1,567)
Total deferred tax assets		(1,711)		(1,567)
Deferred tax liabilities:				
Capital gains		138		134
Total deferred tax liabilities		138		134
Movement				
At start of period		(1,433)		(1,669)
Deferred tax charged/(credited) to the income statement in the period				
Deferred tax on pension scheme liability	162		132	
Deferred tax on revaluation	4		61	
	166		193	
Deferred tax charged to the p&l in the period		166		193
Deferred tax on pension scheme liability (credited)/charged to OCI		(306)		43
Total deferred tax asset		(1,573)		(1,433)

11 Share capital

	Authorised, allotted, called up and fully paid 2019 £000	2018 £000
50,000 ordinary shares of £1 each	50	50

12 Reserves

	Profit and loss account £000
At 1 April 2018	18,332
Profit for the year	460
Actuarial loss	(1,799)
Deferred tax charge on pension scheme liability	306
At 31 March 2019	**17,299**

Notes *(continued)*

13 Reconciliation of movement in shareholders' funds

	2019 £000	2018 £000
Profit for the financial year	**460**	743
Actuarial (losses) /gains	**(1,799)**	253
Deferred tax credit/(charge) on pension scheme liability	**306**	(43)
Opening shareholders' funds	**18,382**	17,429
Shareholders' funds at the end of the year	**17,349**	18,382

14 Operating Leases

Leases as lessee:

The company has no operating leases payable.

Leases as lessor:

The company's investment property is let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	2019 £000	2018 £000
Less than one year	**301**	282
Between one and five years	**855**	1,018
More than five years	**91**	168
	1,247	1,468

15 Contingent liabilities

The company is party to group banking arrangements for Northern Trust Company Limited. Consequently, it is jointly and severally liable for the loans and overdrafts of Northern Trust Company Limited and certain of its fellow subsidiary undertakings. At 31 March 2019, the liability under this guarantee amounted to £219,609,000 (*2018:* £214,699,000).

16 Ultimate parent company

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, registered office address Lynton House, Ackhurst Park, Foxhole Road, Chorley, Lancashire, PR7 1NY. The smallest group in which the results of the company are consolidated is that headed by Northern Trust Group Limited, registered address Lynton House, Ackhurst Park, Foxhole Road, Chorley, Lancashire, PR7 1NY. 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