

Company Registration No. 03012148 (England and Wales)

NORTHERN & SHELL ENTERPRISES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



NORTHERN & SHELL ENTERPRISES LIMITED

COMPANY INFORMATION

Directors	Mr R Sanderson Mr M S Ellice
Secretary	Mr R Sanderson
Company number	03012148
Registered office	The Northern & Shell Building Number 10 Lower Thames Street London United Kingdom EC3R 6EN
Auditor	KPMG LLP 15 Canada Square London United Kingdom E14 5GL
Bankers	Barclays Bank 27 Soho Square London United Kingdom W1D 3QR

NORTHERN & SHELL ENTERPRISES LIMITED

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NORTHERN & SHELL ENTERPRISES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company continued to be that of the holding of shares in group companies. During the year, the company's subsidiary undertakings were entered into members' voluntary liquidation (note 9). The company is expected to be non-trading for the foreseeable future. The directors continue to keep this under review.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R Sanderson
Mr M S Ellice

Results and dividends

The results for the year are set out on page 7.

After incurring a charge of £35,000 (2017: £nil) for an impairment of fixed asset investments (notes 3 and 8), the company recorded a profit before taxation of £3.4 million (2017: £2.5 million).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Review of the period and future developments

The directors consider the result for the year to be satisfactory. During the year, the company's group undertakings were entered into members' voluntary liquidation (note 9).

The risks, uncertainties and key performance indicators pertaining to the company are consistent with those experienced by the company's fellow subsidiaries. They are discussed in the Strategic Report of Northern & Shell Plc, the ultimate parent of the company.

The company's net assets were £129.1 million as at 31 December 2018 (2017: £125.7 million).

Financial risk management

The company's operations expose it to a variety of financial risks that include interest rate risk. The company has mechanisms in place that seek to limit the impact of the adverse effects of these risks on the financial performance of the company.

Interest rate risk

The company has interest bearing assets and liabilities. The interest bearing assets are cash balances, current asset investments and amounts owed by group undertakings, subject to floating interest rates. The interest bearing liabilities are amounts owed to group undertakings. The directors keep these measures under constant review.

Political donations

The company made no political donations or incurred any political expenditure during the year (2017: £nil).

Auditor

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

NORTHERN & SHELL ENTERPRISES LIMITED

DIRECTORS' REPORT (CONTINUED)

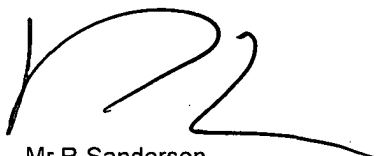
FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

A handwritten signature in black ink, appearing to be 'R Sanderson', written over a horizontal line.

Mr R Sanderson

Director

12 June 2019

NORTHERN & SHELL ENTERPRISES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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), 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.

NORTHERN & SHELL ENTERPRISES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NORTHERN & SHELL ENTERPRISES LIMITED

Opinion

We have audited the financial statements of Northern & Shell Enterprises Limited for the year ended 31 December 2018 which comprise the Statement of 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 December 2018 and of its profit 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.

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 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 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.

NORTHERN & SHELL ENTERPRISES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NORTHERN & SHELL ENTERPRISES LIMITED

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 3, 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.

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

NORTHERN & SHELL ENTERPRISES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NORTHERN & SHELL ENTERPRISES LIMITED

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.

Mark Prince (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
United Kingdom
E14 5GL

12 June 2019

NORTHERN & SHELL ENTERPRISES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £000	2017 £000
Administrative expenses		(35)	-
Operating loss	3	(35)	-
Interest receivable and similar income	6	3,419	2,536
Profit before taxation		3,384	2,536
Taxation	7	-	-
Profit for the financial year		3,384	2,536
Other comprehensive income		-	-
Total comprehensive income for the year		3,384	2,536

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 10 to 17 form an integral part of these financial statements.

NORTHERN & SHELL ENTERPRISES LIMITED

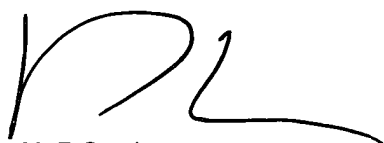
BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Investments	8	-	80
		<u>-</u>	<u>80</u>
Current assets			
Debtors	10	128,976	126,082
Cash at bank and in hand		153	152
		<u>129,129</u>	<u>126,234</u>
Creditors: amounts falling due within one year	11	-	(569)
Net current assets		<u>129,129</u>	<u>125,665</u>
Net assets		<u>129,129</u>	<u>125,745</u>
Capital and reserves			
Called up share capital	12	109,950	109,950
Profit and loss reserves		19,179	15,795
Total equity		<u>129,129</u>	<u>125,745</u>

The notes on pages 10 to 17 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 12 June 2019 and are signed on its behalf by:



Mr R Sanderson
Director

Company Registration No. 03012148

NORTHERN & SHELL ENTERPRISES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2017	109,950	13,259	123,209
Year ended 31 December 2017:			
Total comprehensive income for the year	-	2,536	2,536
Balance at 31 December 2017	109,950	15,795	125,745
Year ended 31 December 2018:			
Total comprehensive income for the year	-	3,384	3,384
Balance at 31 December 2018	109,950	19,179	129,129

The notes on pages 10 to 17 form an integral part of these financial statements.

NORTHERN & SHELL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Northern & Shell Enterprises Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Northern & Shell Building, Number 10 Lower Thames Street, London, United Kingdom, EC3R 6EN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000 (unless stated otherwise).

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Northern & Shell Enterprises Limited is a wholly owned subsidiary of Northern & Shell Plc and the results of Northern & Shell Enterprises Limited are included in the consolidated financial statements of Northern & Shell Plc which are available from its registered office, The Northern & Shell Building, Number 10 Lower Thames Street, London, EC3R 6EN.

The company has taken advantage of the exemption provided in section 33.1A of Financial Reporting Standard 102 from the requirement to disclose transactions with other wholly owned group members of Northern & Shell Plc.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

NORTHERN & SHELL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.4 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Current asset investments are liquid resources which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying value or traded in an active market. Liquid resources comprise solely of cash deposits. Current asset investments are stated at the lower of cost and net realisable value.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

NORTHERN & SHELL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date, and any adjustment to tax payable/receivable in respect of previous years.

NORTHERN & SHELL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the standard enacted rate of corporation tax in the UK of 17% (2017: 17%). Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors consider the judgement associated with these financial statements to be over the carrying value of investments.

3 Operating loss

	2018	2017
	£000	£000
Operating loss for the year is stated after charging:		
Impairment of fixed asset investments (note 8)	35	-
	<u> </u>	<u> </u>

4 Auditor's remuneration

Auditor's remuneration of £4,000 (2017: £3,000) in respect of these financial statements was borne by Northern & Shell Plc, the ultimate parent undertaking. There were no non audit services (2017: nil).

5 Directors' remuneration

All directors who served during the year were employed by other Group companies and were remunerated for the qualifying services they provided to them. The value ascribed to these qualifying services in 2018 is £nil (2017: £nil).

There were no employees during the year other than the directors (2017: nil).

NORTHERN & SHELL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Interest receivable and similar income

	2018 £000	2017 £000
Interest on bank deposits	1	197
Interest receivable from group undertakings	3,275	2,339
Total interest revenue	3,276	2,536
Income from fixed asset investments		
Income from shares in group undertakings	143	-
Total income	3,419	2,536

During the year, the company received dividends of £223,000 (2017: £nil) from Northern & Shell Engineering Services Limited, a subsidiary undertaking.

Dividend income in the above table is presented by way of a return of cost on investment of £80,000 (2017: £nil) (note 8) and dividend income of £143,000 (2017: £nil) in the profit and loss account.

7 Taxation

A reduction in the UK Corporation Tax rate from 20% to 19% was (effective from 1 April 2017) substantively enacted on 26 October 2015. 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.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £000	2017 £000
Profit before taxation	3,384	2,536
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	643	488
Tax effect of expenses that are not deductible in determining taxable profit	6	-
Dividend income	(27)	-
Group relief not paid for	(622)	(488)
Taxation for the year	-	-

NORTHERN & SHELL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Fixed asset investments

	Notes	2018 £000	2017 £000
Investments in subsidiaries	9	-	80

Impairment testing:

The company's policy is to carry out annual impairment reviews of investments. As at 31 December 2018, the cost of investments have been fully provided against and the carrying value of investments is £nil.

Movements in fixed asset investments

	Shares in group undertakings £000
Cost or valuation	
At 1 January 2018	80
Additions	35
Return of cost on investment	(80)
At 31 December 2018	35
Impairment	
At 1 January 2018	-
Impairment losses	35
At 31 December 2018	35
Carrying amount	
At 31 December 2018	-
At 31 December 2017	80

During the year, the company subscribed for two ordinary shares of £1 each in the capital of Northern & Shell Text Limited, for a total consideration of £35,000. Following the issue of shares, the company provided in full against the cost of investment in Northern & Shell Text Limited, incurring an impairment charge of £35,000 (notes 3 and 9).

The company received dividend income of £223,000 from Northern & Shell Engineering Services Limited (note 6). The dividend income is presented in the financial statements by way of a return of cost on investment of £80,000 (2017: £nil) and dividend income of £143,000 (2017: £nil) in the profit and loss account. The return of cost on investment represents the permanent diminution of value generated by the payment of the dividend from its subsidiary undertaking.

NORTHERN & SHELL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
5 Direct Limited *	United Kingdom	Dormant	Ordinary	100.00	
Northern & Shell Engineering Services Limited *	United Kingdom	Dormant	Ordinary		100.00
Northern & Shell Music Limited *	United Kingdom	Dormant	Ordinary	100.00	
Northern & Shell Text Limited *	United Kingdom	Dormant	Ordinary		100.00

* Denotes the company entered into members' voluntary liquidation on 6 December 2018.

The above subsidiary undertakings are 100% owned and incorporated in the United Kingdom, with a registered office at The Northern & Shell Building, 10 Lower Thames Street, London, EC3R 6EN.

During the year, the company subscribed for two ordinary shares of £1 each in the capital of Northern & Shell Text Limited (note 8). There were no changes in ownership or class of shares held during the year.

10 Debtors

	2018 £000	2017 £000
Amounts falling due within one year:		
Amounts due from group undertakings	128,976	126,082

Amounts due from group undertakings carry interest at 2% above base rate, are unsecured and repayable on demand. Amounts owed by dormant group undertakings, included in amounts due from group undertakings, are non-interest bearing, unsecured and repayable on demand.

11 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Amounts due to group undertakings	-	306
Amounts due to group undertakings with respect to group relief	-	263
	-	569

Amounts due to group undertakings carry interest at 2% above base rate, and unsecured and repayable on demand. Amounts due to group undertakings with respect to group relief are non interest bearing, unsecured and repayable on demand.

NORTHERN & SHELL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Share capital

	2018	2017
	£000	£000
Ordinary share capital		
Issued and fully paid		
10,994,962,811 Ordinary of 1p each	109,950	109,950

13 Controlling party

The immediate parent undertaking is Northern & Shell Broadcasting (CI) Limited, incorporated in Jersey with a registered office at 13 Castle Street, St. Helier, Jersey, JE4 5UT. The ultimate parent undertaking is Northern & Shell Plc.

The ultimate controlling party is Richard Desmond, the Chairman of Northern & Shell Plc.

The largest and smallest group into which these accounts are consolidated is Northern & Shell Plc. Northern & Shell Plc is registered in England. The consolidated financial statements of Northern & Shell Plc can be obtained from: The Northern & Shell Building, Number 10 Lower Thames Street, London, EC3R 6EN, United Kingdom.