

FC017888

NA

NORTHERN & SHELL INVESTMENTS LIMITED

REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

WEDNESDAY



A7ZKITAL

A31

26/09/2007

746

COMPANIES HOUSE

NORTHERN & SHELL INVESTMENTS LIMITED

ANNUAL REPORT

31 December 2006

CONTENTS

	<u>Page</u>
Officers and Professional Advisers	2
Directors' Report	3 - 4
Report of the Auditors	5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8 - 11

NORTHERN & SHELL INVESTMENTS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr R C Desmond
Mr M S Ellice

SECRETARY

Mr R Sanderson

COMPANY NUMBER

38442C (Isle of Man)
FC017888 (England) - Branch no BR002376

AUDITORS

PricewaterhouseCoopers
60 Circular Road,
Douglas,
Isle of Man,
IM1 1SA

BANKERS

Bank of Scotland
155 Bishopsgate
London EC2M 3YB

REGISTERED OFFICE

Ground floor,
19/21 Circular Road,
Douglas,
Isle of Man,
IM1 1AF

NORTHERN & SHELL INVESTMENTS LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2006

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2006

PRINCIPAL ACTIVITIES

The principal activity of the Company is unchanged from last year, and is the holding and making of investments

REVIEW OF THE YEAR AND FUTURE PROSPECTS

The profit and loss account is set out on page 6

The directors consider the result for the year to be satisfactory

The Company expects to continue its principal activity for the foreseeable future

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 "Review of the year and future prospects" section in the Directors' Report of Northern & Shell Network Limited, the ultimate operational parent of the Company

The Company's net liabilities were £554,000 at 31 December 2006 (2005 £495,000)

RESULTS AND DIVIDENDS

The Company recorded a loss before taxation of £66,000 (2005 £70,000)

The directors do not recommend the payment of a dividend (2005 £nil)

DIRECTORS AND THEIR INTERESTS

The present membership of the board is set out on page 2

No other directors held office throughout the entire year

At the beginning and the end of the year, Mr R C Desmond was beneficially interested in the whole of the issued share capital of the Company. The interests of Mr R C Desmond, who is a director of the ultimate operational parent company, Northern & Shell Network Limited, are shown in the financial statements of that company

At the beginning and end of the year, the directors' beneficial interest in the issued Ordinary 'B' share capital of Northern & Shell North America Limited, a fellow group undertaking, were

	£1 Ordinary 'B' shares	
	At 1 January 2006	At 31 December 2006
Mr M S Ellice	75,000	75,000

GOING CONCERN

The Company has negative net assets. A letter of support has been received from the ultimate operational parent company, Northern & Shell Network Limited, stating that this company will provide financial support as necessary to enable the Company to meet its obligations as and when they fall due. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis

NORTHERN & SHELL INVESTMENTS LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2006

FINANCIAL RISK MANAGEMENT

The Company has not implemented specific measures to mitigate financial risks because the directors believe that the nature of the Company's operations are such that it is not exposed to financial risks that might impact adversely on the financial performance of the Company. The directors keep this position under constant review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company Law requires the directors to prepare financial statements for each financial year which 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

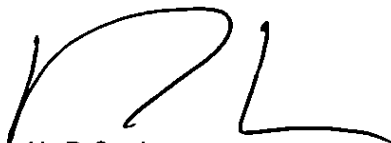
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931-2004. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

Approved by the Board of Directors and signed on behalf of the Board



Mr R Sanderson

Secretary

Date 19 APRIL 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

NORTHERN & SHELL INVESTMENTS LIMITED

For the year ended 31 December 2006

We have audited the financial statements of Northern & Shell Investments Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable Isle of Man law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Isle of Man Companies Acts 1931-2004. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 the information specified by law regarding directors' fees 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 United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its loss for the year then ended, and
- have been properly prepared in accordance with the Isle of Man Companies Acts 1931-2004.



PricewaterhouseCoopers
Chartered Accountants

Date 2 Jan 2007

NORTHERN & SHELL INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2006

	Notes	Total 2006 £000	Total 2005 £000
Investment income		2	6
Administration expenses		<u>(3)</u>	<u>(15)</u>
Operating loss	2	(1)	(9)
Interest receivable and similar income	4	216	203
Interest payable and similar charges	5	<u>(281)</u>	<u>(264)</u>
Loss on ordinary activities before taxation		(66)	(70)
Tax on loss on ordinary activities	6	7	100
(Loss)/profit for the financial year	13/14	<u><u>(59)</u></u>	<u><u>30</u></u>

The Company has no significant recognised gains or losses other than the (loss)/profit stated above and therefore no separate statement of total recognised gains or losses has been presented

There is no difference between the loss on ordinary activities before taxation and the retained (loss)/profit for the year stated above and their historical cost equivalents

Turnover and operating losses are wholly attributable to continuing operations

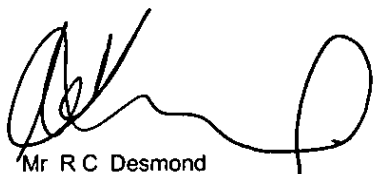
The notes on pages 8 to 11 form part of these financial statements

NORTHERN & SHELL INVESTMENTS LIMITED

BALANCE SHEET as at 31 December 2006

	Notes	2006 £000	2005 £000
CURRENT ASSETS			
Debtors	7	3,940	3,729
Current asset investments	8	<u>22</u>	<u>20</u>
		<u>3,962</u>	<u>3,749</u>
 CREDITORS amounts falling due within one year	9	<u>(4,515)</u>	<u>(4,243)</u>
 NET CURRENT LIABILITIES		<u>(553)</u>	<u>(494)</u>
 PROVISION FOR LIABILITIES AND CHARGES	10	<u>(1)</u>	<u>(1)</u>
 NET LIABILITIES		<u>(554)</u>	<u>(495)</u>
 EQUITY CAPITAL AND RESERVES			
Called up share capital	11	2	2
Share premium account	12	926	926
Profit and loss account	13	<u>(1,482)</u>	<u>(1,423)</u>
 TOTAL EQUITY SHAREHOLDERS' DEFICIT	14	<u>(554)</u>	<u>(495)</u>

Approved by the Board of Directors



Mr R C Desmond

Date 19 APRIL 2007



M S Ellice

Date 19 APRIL 2007

NORTHERN & SHELL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

1 PRINCIPAL ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention (except where stated in note 1(d)), United Kingdom Accounting Standards and the accounting policies set out below

(b) Going concern

The Company has negative net assets. A letter of support has been received from the ultimate operational parent company, Northern & Shell Network Limited, stating that this company will provide financial support as necessary to enable the Company to meet its obligations as and when they fall due. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

(c) Cash flow statement

The Company is a wholly owned subsidiary of Northern & Shell Properties Limited. Northern & Shell Properties Limited is a wholly owned subsidiary of Northern and Shell Network Limited and that company prepares a consolidated cash flow statement. The Company has therefore relied on the exemption provided by FRS 1 from preparing its own cash flow statement.

(d) Fixed asset investments

Non marketable securities are stated at the lower of cost and net realisable value. Listed investments are held at market value.

Investment income represents gains and losses on the sale or revaluation of current asset investments.

(e) Debtors

Debtors are initially stated at fair value. The carrying value of debtors is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

(f) Deferred taxation

Deferred taxation is recognised 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the board.

The deferred tax assets and liabilities are not discounted.

2 OPERATING LOSS

Audit Services

Fees paid to the Company's auditor, PricewaterhouseCoopers, and its associates for services other than statutory audit of the Company are not disclosed in Northern & Shell Investments Limited's accounts since the consolidated accounts of Northern & Shell Investments Limited's ultimate operational parent, Northern & Shell Network Limited, are required to disclose other services on a consolidated basis.

Auditors' remuneration of £3k for the year ended 31 December 2006 (2005: £3k) is borne by Northern & Shell Plc, a fellow subsidiary company.

NORTHERN & SHELL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments and employee costs are borne by Northern & Shell Plc, a fellow subsidiary company. The directors do not receive any fees or emoluments from the Company as their duties are incidental to their main duties to other subsidiary undertakings of Northern & Shell Network Limited.

The Company has no employees.

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 £000	2005 £000
Group interest	<u>216</u>	<u>203</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £000	2005 £000
Group interest	281	263
Other interest	<u>-</u>	<u>1</u>
	<u>281</u>	<u>264</u>

6 TAXATION ON LOSS ON ORDINARY ACTIVITIES

	2006 £000	2005 £000
Current tax		
UK corporation tax receivable from group companies in respect of group relief	(20)	(22)
Adjustment in respect of previous periods	<u>13</u>	<u>(79)</u>
Total current tax	<u>(7)</u>	<u>(101)</u>
Deferred tax		
Accelerated capital allowances / other timing differences	<u>-</u>	<u>1</u>
Total deferred tax	<u>-</u>	<u>1</u>
Tax on loss on ordinary activities	<u>(7)</u>	<u>(100)</u>

The tax assessed for the period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006 £000	2005 £000
Loss on ordinary activities before tax	<u>— (66)</u>	<u>(70)</u>
Loss on ordinary activities multiplied by standard rate in the UK 30% (2005 30%)	(20)	(21)
Effects of		
Accelerated capital allowances / other timing differences	-	(1)
Adjustment in respect of previous period	<u>13</u>	<u>(79)</u>
Current tax credit for the period	<u>(7)</u>	<u>(101)</u>

Factors that may effect future tax charges

The Company has carried forward tax losses at 31 December 2006 that will be available to shelter future income and gains. No deferred tax asset has been recognised in relation to these losses as, in the opinion of the directors, it is not certain these losses will be utilised in the foreseeable future. There is no Isle of Man tax liability as the Company has no Isle of Man source income.

NORTHERN & SHELL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

7 DEBTORS

	2006	2005
	£000	£000
Amounts owed by group undertakings	3,515	3,312
Amounts owed by group undertakings with respect to group relief	425	417
	<u>3,940</u>	<u>3,729</u>

Amounts owed by group undertakings carry interest between 2.0% and 2.5% above base rate, are unsecured and repayable on demand. Amounts owed by dormant group undertakings, included in amounts owed by group undertakings, and amounts owed by group undertakings with respect to group relief are non interest bearing.

8 CURRENT ASSET INVESTMENTS

	2006	2005
	£000	£000
Quoted investments	14	19
Unquoted investments	8	1
	<u>22</u>	<u>20</u>

9 CREDITORS amounts falling due within one year

	2006	2005
	£000	£000
Amounts owed to group undertakings	4,513	4,231
Other creditors	2	2
Accruals	-	10
	<u>4,515</u>	<u>4,243</u>

Amounts owed to group undertakings carry interest between 2.0% and 2.5% above base rate, are unsecured and repayable on demand. Amounts owed to dormant group undertakings, included in amounts owed to group undertakings are non interest bearing.

10 PROVISION FOR LIABILITIES AND CHARGES

	Deferred tax
	£000
At 1 January 2006	1
Accelerated capital allowances / other timing differences	
	<u>1</u>
At 31 December 2006	

11 SHARE CAPITAL

	2006	2005
	£	£
Authorised		
500 ordinary shares of £1 each	500	500
150,000 A ordinary shares of 1p each	1,500	1,500
	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2
150,000 A ordinary shares of 1p each	1,500	1,500
	<u>1,502</u>	<u>1,502</u>

NORTHERN & SHELL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

12 SHARE PREMIUM ACCOUNT

	2006 £000	2005 £000
£6 1766 per share on 150,000 A ordinary shares of 1p each	<u>926</u>	<u>926</u>

13 RESERVES

	Profit and loss account £000
At 1 January 2006	(1,423)
Loss for the financial year	<u>(59)</u>
At 31 December 2006	<u>(1,482)</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2006 £000	2005 £000
Opening shareholders' deficit	(495)	(525)
(Loss)/profit for the financial year	<u>(59)</u>	<u>30</u>
Closing shareholders' deficit	<u>(554)</u>	<u>(495)</u>

15 GUARANTEES AND CONTINGENT LIABILITIES

At 31 December 2006, the assets of the Company are held as security for bank loans advanced to group undertakings. After the year end, the arrangements securing these bank loans were amended (note 16)

The Company is part of the Northern & Shell Network group. At 31 December 2006, certain claims in the normal course of business were pending against the Group and certain tax computations were still subject to agreement with the relevant taxation authorities. Although there is uncertainty regarding the final outcome of these matters, the directors believe, based on professional advice received, that adequate provision has been made in the financial statements for anticipated liabilities and the probable ultimate resolution of such matters will not have a material effect on the financial statements of the Company.

16 POST BALANCE SHEET EVENT

On 18 April 2007, the bank loans referred to in note 15 were restructured. As a result, the arrangements in place as at 31 December 2006 were superseded and the bank loans are no longer secured on the assets of the Company.

17 RELATED PARTY TRANSACTIONS

The Company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Northern & Shell Network group.

18 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Northern & Shell Properties Limited and the ultimate parent undertaking is RCD1 Limited. RCD1 Limited acts purely as a holding company and does not participate in operations. Accordingly, Northern & Shell Network Limited acts as the ultimate operational parent of the group.

The largest and smallest groups into which these accounts are consolidated are RCD1 Limited and Northern & Shell Network Limited respectively.

RCD1 Limited, Northern & Shell Network Limited and Northern & Shell Properties Limited are registered in England. Copies of the financial statements of these companies can be obtained from The Northern & Shell Building, Number 10 Lower Thames Street, London EC3R 6EN.