Bathroom Distribution Group UK Limited
(formerly Smiths Bathroom & Plumbing Supplies Limited)

Directors' report and financial statements

Registered number 01367550

31 December 2006

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006. The company changed its name to Bathroom Distribution Group UK Limited on 10 October 2007.

Principal activities

The principal activity of the company during the year has been that of plumbing and bathroom supplies.

Business review

The UK economy continued to provide a favourable background for development of the Company's business. Growth slowed to below trend in 2005 against the backdrop of interest rate increases. The economy strengthened in 2006 and growth returned to its long term trend rate. The UK housing market showed a sustained recovery during 2006 with rising property transactions and mortgage approvals and strong growth in house price inflation. The merchanting business traded in a weaker RMI market in the first half of 2006 before the market staged a gradual recovery in the second half of the year.

Our key financial performance indicators are turnover and operating profit together with management of working capital and cash generated from operations. The results for the year are shown in the profit and loss account on page 6.

The UK economy is forecast to grow at around trend rate in 2007. The improvement in the RMI market over the second half of 2006 is expected to continue with the benefit of a strong housing market. The level of mortgage approvals and housing transactions, lead indicators of RMI demand, is also encouraging. The fundamentals of the RMI market are firm, supported by a stable economy, solid underlying demand, consumer confidence and employment growth. These factors should sustain good levels of RMI activity although the recent round of interest rate increases may lead to some moderation in demand.

Principal risks and uncertainties

Trading in the business is influenced by the macro economic environment in the UK. The level of activity in the residential and non-residential construction and in the residential repair, maintenance and improvement markets in particular influence demand. Demand in these markets is sensitive to economic conditions generally including economic growth, interest rate movements, inflation, unemployment and demographic trends.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

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

MR Aldridge
C O'Nuallain
M Chadwick
JL Parker
C Rinn

None of the directors benefited from qualifying third party indemnity provisions in place either during the year or at the date of this report

Political and charitable contributions

The company made no political or charitable 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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

MR Aldridge
Director

Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
29 October 2007

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 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 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 judgments 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 the 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Bathroom Distribution Group UK Limited (formerly Smiths Bathroom & Plumbing Supplies Limited)

We have audited the financial statements of Bathroom Distribution Group UK Limited (formerly Smiths Bathroom & Plumbing Supplies Limited) for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds 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 3.

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 whether in our opinion the information given in 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 judgments 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.

Independent auditors' report to the members of Smiths Bathrooms & Plumbing Supplies Limited *(continued)*

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 31 December 2006 and of its profit 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 LLP

KPMG LLP
Chartered Accountants
Registered Auditor
24 October 2007

Profit and loss account

for the year ended 31 December 2006

	Note	2006	2005 (As restated)
		£	£
Turnover from continuing operations	*1*	**11,531,485**	11,884,599
Cost of sales		**(8,096,932)**	(8,418,603)
Gross profit		**3,434,553**	3,465,996
Administrative expenses		**(2,412,139)**	(2,286,166)
Operating profit from continuing operations	*2-4*	**1,022,414**	1,179,830
Profit on disposal of tangible fixed assets	*2*	**416,910**	-
Interest receivable	*5*	**111,668**	22,359
Interest payable	*6*	-	(441)
Profit on ordinary activities before taxation		**1,550,992**	1,201,748
Tax on profit on ordinary activities	*7*	**12,000**	(12,000)
Profit on ordinary activities after taxation and profit for the financial year	*14*	**1,562,992**	1,189,748

There have been no recognised profits and losses in either the current or preceding year, other than those noted above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the company's results as reported and on an historical cost basis. Accordingly no note of historical cost profit and loss has been prepared.

Balance sheet
at 31 December 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	*8*		**568,337**		917,203
Current assets					
Stocks	*9*	**1,655,079**		1,501,170	
Debtors	*10*	**3,663,600**		3,664,184	
Cash at bank and in hand		**1,526,281**		975	
		6,844,960		5,166,329	
Creditors: amounts falling due within one year	*11*	**(3,176,749)**		(3,425,677)	
Net current assets			**3,668,211**		1,740,652
Net assets			**4,236,548**		2,657,855
Capital and reserves					
Called up share capital	*13*		**10,000**		10,000
Profit & loss account	*14*		**4,226,548**		2,647,855
Equity shareholders' funds			**4,236,548**		2,657,855

These financial statements were approved by the board of directors on 23/10/07 and were signed on its behalf by:

MR Aldridge
Director

Reconciliation of movements in shareholders' funds

for the year ended 31 December 2006

	2006	2005 (As restated)
	£	£
Profit for the financial year	**1,562,992**	1,189,748
Dividends on shares classed in shareholder's funds	-	(750,000)
Capital contribution during year	**15,701**	8,847
Net addition to shareholders' funds	**1,578,693**	448,595
Opening shareholders' funds	**2,657,855**	2,209,260
Closing shareholders' funds	**4,236,548**	2,657,855

Notes

(forming part of the financial statements)

1 Accounting policies

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

In these financial statements Financial Reporting Standard 20 'Share based payments' has been adopted for the first time. The accounting policy under this new standard is set out below. Compliance with FRS 20 has decreased profit before taxation by £8,847 for the year ended 31 December 2005 with a corresponding amount credited directly to equity as a capital contribution; it therefore had no impact on net assets as at that date.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of certain fixed assets.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is consolidated within Grafton Group plc, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions with entities which form part of the group. The consolidated financial statements of Grafton Group Plc, within which this company is included, can be obtained from the address given in note 19.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2-5% per annum
Plant and machinery	-	25% per annum
Fixtures and fittings	-	15% per annum
Motor vehicles	-	20%-25% per annum
Computer equipment	-	15%-25% per annum

No depreciation is charged on freehold land

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The company is a member of a group defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Net realisable value is based on the estimated selling price less further costs to completion and disposal.

Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover represents the net invoiced value of sales of goods, excluding value added tax, derived wholly within the UK, delivered to or collected by third party customers in the year. Goods are deemed to have been delivered to customers when the customer has access to the significant benefits inherent in the goods and exposure to the risks inherent in those benefits. Turnover is derived from one principal activity of the company and wholly from within the UK.

Equity settled share based payment transactions

The Grafton Group share schemes allow employees to acquire shares in Grafton Group plc. They are all equity settled. The fair value of share entitlements granted is recognised as an employee expense in the profit and loss account with a corresponding increase in a capital contribution reserve. The fair value is determined by an external valuer using a binomial model. Share entitlements granted by the Company are subject to certain non-market based vesting conditions. Non-market vesting conditions are not taken into account when estimating the fair value of entitlements as at the grant date. The expense for the share entitlements shown in the profit and loss account is based on the fair value of the total number of entitlements expected to vest and is allocated to accounting periods on a straight line basis over the vesting period. The cumulative charge to the profit and loss account is only reversed where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the company before the end of the vesting period.

2 Profit on ordinary activities before taxation

	2006	2005
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration:		
Audit of these financial statements	**13,250**	12,500
Depreciation and other amounts written off tangible fixed assets:		
Owned	**193,931**	161,074
Operating lease rentals:		
Plant and machinery	**-**	1,003
Other operating leases	**118,694**	118,694
(Profit)/loss on disposal of fixed assets	**(416,910)**	1,017

3 Remuneration of directors

	2006	2005
	£	£
Directors' emoluments	**86,000**	82,500
Company contributions to money purchase pension schemes	**7,100**	6,750
	93,100	89,250

Retirement benefits are accruing to 1 director *(2005: 1)* under money purchase pension plans.

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the company (including one director) during the year, analysed by category, was as follows:

	Number of employees	
	2006	2005
Distribution of building materials	**68**	70

The aggregate payroll costs of these persons were as follows:

	2006	2005 (As restated)
	£	£
Wages and salaries	**1,260,870**	1,276,148
Social security costs	**131,661**	122,183
Share based payments charge	**15,701**	8,847
Other pension costs (see note 17)	**38,934**	40,992
	1,447,166	1,448,170

5 Interest receivable

	2006	2005
	£	£
Bank interest	**111,668**	22,359

6 Interest payable

	2006	2005
	£	£
Other interest	**-**	441

Notes *(continued)*

7 Taxation

Analysis of charge/(credit) in the year

	2006		2005	
	£	**£**	£	£
UK corporation tax				
Current tax on income for the year/period		-		-
Deferred tax (see note 12)				
Origination/reversal of timing differences	**(8,000)**		12,000	
Adjustment in respect of prior periods	**(4,000)**		-	
		(12,000)		12,000
Tax (credit)/charge on profit on ordinary activities		**(12,000)**		12,000

Factors affecting the tax charge/(credit) for the current period

The current tax charge for the year is lower (*2005: lower)* than the standard rate of corporation tax in the UK (30%, *2005 : 30%*). The differences are explained below.

	2006	2005 (As restated)
	£	£
Profit on ordinary activities before tax	**1,550,992**	1,201,748
Current tax at 30% *(2005: 30%)*	**465,298**	360,524
Effects of:		
Expenses not deductible for tax	**9,809**	9,655
Other permanent differences	**(37,500)**	(32,179)
Differences between depreciation and capital allowances	**8,000**	(12,000)
Group relief not paid for: trading losses	**(323,207)**	(326,000)
capital losses	**(122,400)**	-
Total current tax charge (see above)	-	-

Notes *(continued)*

8 Tangible fixed assets

	Land and buildings £	Leasehold improvements £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Computer equipment £	Total £
Cost							
At 1 January 2006	400,000	191,897	36,385	521,959	76,755	180,838	1,407,834
Additions	-	-	1, 309	206,254	-	37,138	244,701
Disposals	(400,000)	-	-	(216,415)	-	-	(616,415)
At 31 December 2006	-	191,897	37,694	511,798	76,755	217,976	1,036,120
Depreciation							
At 1 January 2006	33,854	61,612	29,655	235,418	62,818	67,274	490,631
Charge for year	521	28,785	4,738	118,101	6,118	35,668	193,931
Disposals	(34,375)	-	-	(182,404)	-	-	(216,779)
At 31 December 2006	-	90,397	34,393	171,115	68,936	102,942	467,783
Net book value							
At 31 December 2006	**-**	**101,500**	**3,301**	**340,683**	**7,819**	**115,034**	**568,337**
At 31 December 2005	366,146	130,285	6,730	286,541	13,937	113,564	917,203

Included within land and buildings is £nil *(2005: £150,000)* in respect of land which is not depreciated.

9 Stocks

	2006 £	2005 £
Finished goods and goods for resale	**1,655,079**	1,501,170

In the opinion of the directors, there is no material difference between the replacement cost of stocks and their balance sheet amounts.

Notes *(continued)*

10 Debtors

	2006 £	2005 £
Trade debtors	**1,493,329**	1,530,657
Amounts owed by group undertakings	**2,061,765**	2,074,897
Prepayments and accrued income	**67,185**	29,309
Deferred taxation (see note 12)	**41,321**	29,321
	3,663,600	3,664,184

11 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	-	71,698
Trade creditors	**463,591**	624,248
Amounts owed to group undertakings	**2,598,003**	2,610,638
Other creditors	**16,038**	22,551
Accruals and deferred income	**99,117**	96,542
	3,176,749	3,425,677

12 Deferred taxation

The amounts provided for deferred taxation are set out below:

	2006 £	2005 £
Difference between accumulated depreciation and capital allowances	**14,222**	2,222
Other timing differences	**27,099**	27,099
Deferred tax asset (see note 10)	**41,321**	29,321
At beginning of year	**29,321**	41,321
Credit/(charge) for the year (see note 7)	**12,000**	(12,000)
At end of year	**41,321**	29,321

The deferred tax asset has been included in debtors (see note 10).

Notes *(continued)*

13 Called up share capital

	2006	2005
	£	£
Authorised		
Equity: Ordinary shares of £1 each	**10,000**	10,000
Allotted, called up and fully paid		
Equity: Ordinary shares of £1 each	**10,000**	10,000

14 Reserves

	Profit and loss account
	£
At beginning of year	2,647,855
Profit for the year	1,562,992
Capital contribution	15,701
At end of year	**4,226,548**

15 Contingent liabilities

Bathroom Distribution Group UK Limited act as a guarantor to Lloyds TSB Bank plc in respect of facilities made available to other group companies which at the balance sheet date amount to £25,000,000 *(2005: £20,000,000)*. Bathroom Distribution Group UK Limited, along with other UK subsidiaries of Grafton Group plc, act as guarantor for the group sterling bank borrowings which at the balance sheet date amounted to £490,254,000 *(2005: £573,939,000)*.

16 Commitments

(a) There were capital commitments at year end of £nil *(2005: £nil)*.

(b) Annual commitments under non-cancellable operating leases are as follows:

	2006		2005	
	Land and Buildings	**Other**	Land and Buildings	Other
	£	**£**	£	£
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	-	-	-
Over five years	**118,694**		118,694	-
	118,694	-	118,694	-

Notes *(continued)*

17 Pension scheme

The company is a member of a group defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £38,934 *(2005: £40,992)*. There were £nil outstanding or prepaid contributions at the end of the year *(2005: £nil)*. Details of the group defined contribution scheme can be found in the accounts of Grafton Group UK Limited.

18 Share based payments

The charge for share based payments included within the results of the company is £15,701 *(2005: £8,847)*. The charge has been pushed down by Grafton Group Plc; the details of the share based payment schemes are as follows.

It is the practice of the Grafton Group to enable key executives throughout the Group to acquire shares in the Group so as to provide an incentive to perform strongly over an extended period and to align their interests with those of shareholders. Under the terms of the 1999 Grafton Group Share Scheme, two types of share may be acquired by conversion subject to the conditions set out below:

(i) Basic shares which cannot be converted before the expiration of five years, unless the Remuneration Committee agrees to a shorter period which shall not be less than three years, and provided the Group's earnings per share has grown at not less than the rate of growth in the Consumer Price Index plus 5 per cent compounded during that period.

(ii) Second tier shares which cannot be converted before the expiration of five years and only if over a period of at least five years the growth in the Group's earnings per share would place it in the top 25 per cent of the companies listed on the Irish Stock Exchange Index over the same period and provided that such shares shall be acquired only if the Group's earnings per share growth over the relevant period is greater, by not less than 10 per cent on an annualised basis, than the increase in the Consumer Price Index over that period.

The share scheme has a ten year life and the percentage of share capital which may be issued under the scheme and individual grant limits comply with Institutional Guidelines.

Share Schemes

The number of Grafton Units issued during the year under the Grafton Group's Executive Share Schemes was 1,822,720 *(2005: 1,369,092)* and the total consideration received amounted to €4,102,000 *(2005: €2,430,000)*. Costs relating to the issues were €139,000. In accordance with the terms of the 1999 Grafton Group Share Scheme and the Grafton Group (UK) plc Approved Share Option Scheme, entitlements to acquire 2,273,500 Grafton Units were granted during the year to employees of Grafton Group subsidiary companies which include employees of the Company. Total Group entitlements outstanding at 31 December 2006 amounted to 11,970,557 *(2005: 11,780,873)*. Grafton Units may be acquired, in accordance with the terms of the schemes, at prices ranging between €1.07 and €11.50 during the period to 2016.

UK SAYE Scheme

Options over 1,135,499 *(2005: 1,302,992)* Grafton Units were outstanding at 31 December 2006 relating to all Grafton Group UK subsidiary companies, pursuant to a new three year saving contract under Grafton Group (UK) plc Saving's Related Share Option Scheme at a price of €7.64, which represented a discount of 20 per cent to the market price on the date of the grant. These options are normally exercisable within a period of six months after the third anniversary of the savings contract, being April 2008. The number of Grafton units issued during the year under the Grafton Group's SAYE scheme for good leavers was 4,670 and the total consideration amounted to €35,000.

Notes *(continued)*

18 Share based payments *(continued)*

A summary of the share entitlements granted in 2006 and 2005 are set out below:

	1999 Grafton Group Share Scheme 2006	UK SAYE Scheme 2005	1999 Grafton Group Share Scheme 2005
Grant Date	8 November 2006	6 April 2005	7 November 2005
Share price at grant date	€11.50	€9.55	€8.11
Exercise price	€11.50	€7.64	€8.11
Number of Group employees	124	1,911	132
Shares under grant – Group	2,273,500	1,361,613	2,274,000
Vesting period	5 years	3 years	5 years
Expected volatility	27%	30%	30%
Option life	10 years	3.5 years	10 years
Expected life	6 years	3.5 years	6 years
Risk free rate	4.64%	3.7%	4.34%
Expected dividends expressed as dividend yield	1.58%	1.74%	1.48%
Possibility of ceasing employment before vesting	0%	5%	0%
Valuation model	Binominal model	Binomial model	Binomial model
Fair value per option	€3.55	€2.82	€2.81

This expected volatility is based on historic volatility over the last 5 years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon government bonds of a term consistent with the assumed option life. Reconciliation of total Grafton Group share entitlements under the Grafton Group Share Option Scheme and the 1999 Grafton Group Share Scheme is as follows:

	2006		2005	
	Number	Weighted Average exercise price €	Number	Weighted Average exercise price €
Outstanding at 1 January	11,780,873	4.69	11,081,141	3.63
Granted	2,273,500	11.50	2,274,000	8.11
Forfeited	(261,096)	6.28	(205,176)	4.59
Exercised	(1,822,720)	2.25	(1,369,092)	1.78
Outstanding at 31 December	11,970,557	6.32	11,780,873	4.69
Exercisable at 31 December	2,684,251	2.25	2,933,665	1.94

19 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Grafton Group plc incorporated in Great Britain.

The smallest and largest group in which the results of the company are consolidated is that headed by Grafton Group plc incorporated in the Republic of Ireland. The consolidated accounts of this company are available to the public and may be obtained from Grafton Group plc, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.

Notes *(continued)*

20 Post balance sheet event

On 21st March 2007 it was announced that the corporation tax rate applicable to the company is expected to change from 30% to 28% from 1 April 2008. The deferred tax assets and liability have been calculated at 30% in accordance with FRS 19. Any timing differences which reverse before 1 April 2008 will be (charged)/relieved at 30%, any timing differences which exist at 1 April 2008 will reverse at 28% and, because of the uncertainty of the when the deferred tax assets and liability will reverse, it is not possible to calculate the full financial impact of this change.