

Britannic Distribution and Sales Limited

(A member of the Pearl Group)

Report and Financial Statements for the year ended 31 December 2007



Report and financial statements for the year ended 31 December 2007

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Britannic Distribution and Sales Limited

Directors

Mr R P Stockton (Appointed 29 March 2007)

Mr M J Merrick (Appointed 1 January 2008)

Mr R Craine (Resigned 30 April 2007)

Mr R E K Greenfield (Resigned 31 December 2007)

Secretary

Resolution Secretariat Services Limited

Registered office

1 Wythall Green Way, Wythall, Birmingham, B47 6WG

Auditor

Ernst & Young LLP

1 More London Place, London, SE1 2AF

Directors' report for the year ended 31 December 2007

Principal activities and review of business

The Company now only receives interest on the balances it holds. The future of the company is yet to be evaluated.

Corporate activity

On 16 November 2007, the Board of Resolution plc (Resolution), the company's parent company, announced that agreement had been reached on the terms of a recommended cash acquisition of Resolution by Impala Holdings Limited, a subsidiary of Pearl Group Limited.

The acquisition took place on 1 May 2008 and from this date Pearl Group Limited became the Company's ultimate parent company.

Result and dividends

The result of the Company for the year is shown in the profit and loss account on page 8. The Directors do not recommend the payment of a dividend (2006 £nil).

Principal risks

The Company's activities are currently minimal. Its assets are not subject to value fluctuations. It is only exposed to the risk of counterparty default in relation to bank deposits held.

Key Performance Indicators

Given the straightforward nature of the business, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Directors

Messrs R P Stockton and M J Merrick were appointed as Directors of the Company with effect from 29 March 2007 and 1 January 2008 respectively.

Messrs R Craine and R E K Greenfield resigned as Directors of the Company with effect from 30 April 2007 and 31 December 2007 respectively.

Qualifying third party indemnity provisions are in place for the benefit of the directors in relation to certain losses and liabilities which they may potentially incur to third parties in the course of their duties.

Auditor

By resolution of the members, an election was made to dispense with the obligation to appoint auditors on an annual basis. The auditors Ernst & Young LLP, will therefore, be deemed to have been reappointed.

In the case of each of the persons who are Directors of the Company at the date of approval of this report

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- each of the Directors 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 (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

By order of the Directors


Leo Nuttall

For and on behalf of

Resolution Secretariat Services Limited

Secretary

7 May 2008

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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,
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

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

Independent auditor's report to the shareholders of Britannic Distribution and Sales Limited

We have audited the Company's financial statements ("the financial statements") for the year ended 31 December 2007 which comprise the Accounting policies, the Profit and Loss account, the Movement in shareholders' funds, the Balance Sheet and the related notes 1 to 9. These financial statements have been prepared on the basis of 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 are responsible for the preparation of the annual reports and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' responsibilities.

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 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 2007 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.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

9 May 2008

Accounting policies

Accounting and disclosure requirements

The financial statements are drawn up in compliance with Part VII, Chapter I and Schedule 4 to the Companies Act 1985 and applicable United Kingdom accounting standards

Basis of Accounting

The financial statements are prepared in accordance with the historical convention, modified by the revaluation of certain assets as permitted by the Companies Act 1985

Turnover

Turnover represents interest on bank deposits which is recognised on an accruals basis

Taxation

The UK taxation in the profit and loss account is based on profits/(losses) and income in the year as determined in accordance with the relevant tax legislation, together with adjustments to provisions of prior years

Deferred tax is provided in full and consists of the estimated taxation or relief from taxation which is expected to arise from material timing differences using rates based on tax rates and laws which have been substantively enacted by the balance sheet date. Credit is taken for relief for trading and other losses only to the extent that the directors anticipate that suitable profits will absorb such losses in future periods

Deferred tax assets and liabilities are discounted at rates reflecting post-tax yields to maturity that can be obtained at the balance sheet date on government bonds with maturity dates in currencies similar to those of the deferred tax assets and liabilities

Britannic Distribution and Sales Limited

Profit and Loss Account

for the year ended 31 December 2007

	Notes	2007 £	2006 £
Interest received	1	60,159	44,433
Profit on ordinary activities before taxation		60,159	44,433
Taxation on profit on ordinary activities	2	(18,047)	(11,758)
Retained profit for the financial year		42,112	32,675

All figures relate to continuing operations

There is no difference between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents

There have been no recognised gains or losses in either reporting year other than those recorded in the profit and loss and accordingly a statement of total recognised gains and losses has not been presented

Movements in shareholders' funds

For the year ended 31 December 2007

	Share Capital £	Profit & loss account £	Total 2007 £	Total 2006 £
Shareholders' funds at 1 January	1,000,000	111,715	1,111,715	1,079,040
Shareholders' recognised gains	-	42,112	42,112	32,675
Shareholders' funds at 31 December	1,000,000	153,827	1,153,827	1,111,715

The accounting policies on page 7 and the notes on pages 10 and 11 form part of these financial statements

Britannic Distribution and Sales Limited


Balance Sheet

At 31 December 2007

	Notes	2007 £	2006 £
Current Assets			
Cash at bank and in hand		<u>1,171,874</u>	<u>1,129,045</u>
		1,171,874	1,129,045
Creditors amounts falling due within one year	3	(18,047)	(17,330)
Net current assets		<u>1,153,827</u>	<u>1,111,715</u>
Capital and reserves (see page 8)			
Called up share capital	4	1,000,000	1,000,000
Profit and loss account		<u>153,827</u>	<u>111,715</u>
Shareholders' funds – equity interests		<u>1,153,827</u>	<u>1,111,715</u>

The accounting policies on page 7 and the notes on pages 10 and 11 form part of these financial statements

The financial statements were approved by the Directors on 7 May 2008 and were signed on their behalf by



R P Stockton
Director

7 May 2008

Notes on the financial statements

1. Interest received	2007	2006
	£	£
Bank interest	<u>60,159</u>	<u>44,433</u>
2. Taxation	2007	2006
	£	£
United Kingdom taxation		
Current year tax	18,047	13,330
Adjustments in respect of prior year tax	-	(1,572)
Total tax charge for the period	<u>18,047</u>	<u>11,758</u>
Factors affecting the tax charge for the year		
The current tax charge for the period is equal to (2006 lower than) the profit on ordinary activities multiplied by the standard rate of UK Corporation tax of 30% (2006 30%)		
The differences are explained below	2007	2006
	£	£
Profit on ordinary activities before tax	<u>60,159</u>	<u>44,433</u>
Expected tax charge at 30% (2006 30%)	18,047	13,330
Effects of -		
Adjustments to tax charge in respect of previous periods	-	(1,572)
Current tax charge for the period	<u>18,047</u>	<u>11,758</u>
3. Creditors: amounts falling due within one year	2007	2006
	£	£
Other creditors	18,047	13,330
Amounts due to group undertakings	-	4,000
	<u>18,047</u>	<u>17,330</u>
4. Share capital	2007	2006
	£	£
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued, called up and fully paid		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Notes on the financial statements (continued)

5. Directors' emoluments

None of the Directors received any emoluments in respect of their services to the Company in the current or prior years

6. Auditor's remuneration

The remuneration of the auditor of the Company for auditing the accounts amounted to £2,000 (2006 £2,000) Auditor's remuneration for the current year was borne by Pearl Group Holdings No 1 Limited (previously Resolution plc)

7. Cash flow

The Company is a wholly owned subsidiary of Pearl Group Holdings No 1 Limited (previously Resolution plc) and the cash flows of the Company are included in the consolidated cash flow statement of Pearl Group Holdings No 1 Limited The Company has thus taken advantage of the exemption permitted by Financial Reporting Standard 1 (revised) and has elected not to prepare its own cash flow statement

8. Related party transactions

Advantage has been taken of the exemption provided in Financial Reporting Standard 8 from disclosing details of transactions with Pearl Group Holdings No 1 Limited and its subsidiaries

9. Parent undertaking and controlling party

Prior to 1 May 2008, the Company's parent company and controlling party was Resolution plc (subsequently renamed Pearl Group Holdings No 1 Limited) From that date, the Company's ultimate parent company and controlling party has been Pearl Group Limited, a company incorporated in the United Kingdom

The only group in which the results of the Company are consolidated is headed by Pearl Group Holdings No 1 Limited

The consolidated results of Pearl Group Holdings No 1 Limited can be obtained from Juxon House, 100 St Paul's Churchyard, London EC4M 8BU