

Registered number: 748135

Clearfol Investment Limited

(A member of the Pearl Group)

Report and Financial Statements for the year ended 31 December 2007



Clearfol Investment Limited

Report and financial statements for the year ended 31 December 2007

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Clearfol Investment Limited

Directors

Mr M J Merrick

Mr R P Stockton

Secretary

Pearl Group Secretariat Services Limited

Registered office

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

Auditors

Ernst & Young LLP

1 More London Place, London, SE1 2AF

Clearfol Investment Limited

Directors' Report for the year ended 31 December 2007

Business review

Principal activities

The principal activity of the Company is the investment of surplus assets. Previously, the Company owned and managed property. It holds a majority share in the Phoenix Clearfol partnership which had been set up to develop certain property interests. The last property was sold during 2004.

During 2007, the Company was part of the Resolution group, whose ultimate owner and controller was Resolution plc ("Resolution"). Resolution was subsequently renamed Pearl Group Holdings (No. 1) Limited on 6 May 2008.

Corporate activity

On 16 November 2007, the Board of Resolution, 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 Company made a loss before tax of **£158k** (2006: loss of £160k) as shown in the profit and loss account on page 8. No dividends were paid in 2007 (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 the loan to its immediate parent company.

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.

Creditor payment policy

Administrative expenses are settled by Pearl Group Management Services Limited, previously Resolution Management Services Limited ("PGMS"). Details of payment policy and average creditor days are given in the accounts of PGMS.

Environmental matters

Environmental policies and practices are managed on a group basis and are set out in the report and financial statements of Resolution, which as noted above was the ultimate holding company until 1 May 2008.

Employee information

Group employees are contracted with PGMS. Human resources policies are managed on a group basis and are set out, together with information on employees, in the report and financial statements of the ultimate parent undertaking, Resolution.

Future developments

The Directors continue to review the operation of the Company with view to its future development.

Clearfol Investment Limited

Directors' Report for the year ended 31 December 2007 (continued)

Directors

Messrs R P Stockton and M J Merrick were appointed as Directors on 29 March 2007 and 1 January 2008 respectively. Messrs R Craine and R E K Greenfield resigned as Directors of the Company on 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.

Secretary

Pearl Group Secretariat Services Limited, previously Resolution Secretariat Services Limited, acted as Secretary throughout the year.

Auditors

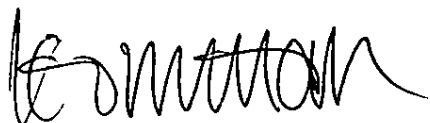
In the case of each of the persons who are Directors of the Company at the date of approval of this report:

- 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.

The Company has passed an Elective Resolution in accordance with section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually.

By order of the Board



L Nuttall
For and on behalf of Pearl Group Secretariat Services Limited
Company Secretary
26 June 2008

Clearfol Investment Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

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 UK 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 judgements and estimates that are reasonable and prudent,
- state whether applicable 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 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.

Clearfol Investment Limited

Independent auditor's report to the members of Clearfol Investment Limited

We have audited the Clearfol Investment Limited financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Movements in Shareholders' Funds, the Balance Sheet and the related notes 1 to 11. These financial statements have been prepared on the basis of the accounting policies set out on page 7.

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 auditors' 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 Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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 if, in our opinion, the directors' report is not 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

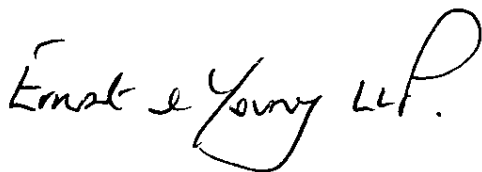
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 loss 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
Registered Auditor
London

30 June 2008

Clearfol Investment Limited

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. All accounting policies have been applied on a consistent basis.

Basis of accounting

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

Cash flow

The Company is a wholly owned subsidiary of Pearl Group Holdings (No. 1) Limited, previously Resolution plc ("Resolution"), and the cash flows of the Company are included in the consolidated cash flow statement of that company. 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.

Investment income

Interest, rents and dividends on investments, other than ordinary shares, are included on an accruals basis. Account is taken of dividend income on ordinary shares when the related investment is quoted 'ex-dividend'. Investment income is net of related expenses.

Interest payable

Interest payable 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 and in currencies similar to those of the deferred tax assets and liabilities.

Dividends

Dividends are recognised when paid to shareholders.

Clearfol Investment Limited

Profit and loss account

for the year ended 31 December 2007

	Notes	2007 £000	2006 £000
Loss on ordinary activities before taxation	2	(158)	(160)
Taxation on loss on ordinary activities	3	47	48
Loss on ordinary activities after taxation		(111)	(112)

All figures relate to continuing operations

There is no difference between the profit on ordinary activities before taxation and 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 account 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 £000	Share Premium £000	Profit & loss account £000	Total 2007 £000	2006 £000
Shareholders' funds at 1 January	3	7,471	5,434	12,908	13,020
Shareholders' recognised losses	-	-	(111)	(111)	(112)
Shareholders' funds at 31 December	3	7,471	5,323	12,797	12,908

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

Clearfol Investment Limited

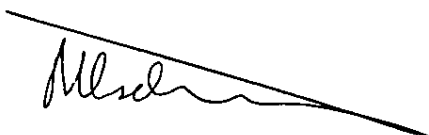
Balance sheet

at 31 December 2007

	Notes	2007 £000	2006 £000
Current assets			
Debtors due within one year			
Corporation tax recoverable		47	48
Amounts due from parent company		<u>14,732</u>	<u>14,842</u>
		14,779	14,890
Creditors amounts falling due within one year			
Amounts due to parent company	4	<u>(1,982)</u>	<u>(1,982)</u>
Net Current Assets		12,797	12,908
Net assets		12,797	12,908
Capital and reserves			
Called up share capital	5	3	3
Share premium account		7,471	7,471
Profit and loss account		<u>5,323</u>	<u>5,434</u>
Shareholders' funds		12,797	12,908

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

The financial statements were approved by the Board of Directors on 26 June 2008 and were signed on their behalf by:



R P Stockton
Director
26 June 2008

Clearfol Investment Limited

Notes on the financial statements

1. Partnership share

The Company holds a 58.75% share in the Phoenix Clearfol partnership, whose principal place of business is St Mark's Court, Chart Way, Horsham, West Sussex, RH12 1XL. The partnership related to the development of properties which have been disposed of and accordingly, it has no value.

2. Loss on ordinary activities before taxation

	2007 £000	2006 £000
Interest payable to parent company	158	159
Management and other charges	-	1
	158	160

3. Taxation

The current tax credit for the year is equal to (2006: lower than) the loss on ordinary activities multiplied by the standard rate of the UK Corporation tax of 30% (2006: 30%).

The differences are explained below:

	2007 £000	2006 £000
Loss on ordinary activities before taxation	158	160
Tax credit at 30%	47	48
Current tax credit for the year	47	48

4. Creditors

	2007 £000	2006 £000
Amounts falling due within one year		
Amounts due to parent company		
Loan (at interest rate of 8% per annum)	1,982	1,982
	1,982	1,982

5. Share capital

	2007 £000	2006 £000
Authorised		
50,000 ordinary shares of £1 each	50	50
Allotted, called up and fully paid		
3,351 ordinary shares of £1 each fully paid	3	3

Notes on the financial statements (continued)

6. Directors' emoluments

The Directors of the Company are employed by Pearl Group Management Services Limited, previously Resolution Management Services Limited, ("PGMS") and received remuneration from the service company, PGMS. The directors received no emoluments in respect of their services to the Company (2006 £Nil)

7. Auditor's remuneration

The remuneration receivable by the Company's auditors for auditing these accounts was paid by another group company. The remuneration of the auditors for other services provided to the Company is included in the disclosures given in the consolidated financial statements of Pearl Group Holdings (No 1) Limited, previously Resolution plc ("Resolution")

8. Pension costs and other post-retirement benefits

All staff are employed by, and associated pension arrangements and obligations are the responsibility of PGMS. The Company has no further liabilities for pension obligations.

9. Related party transactions

Advantage has been taken of the exemption provided in Financial Reporting Standard 8 from disclosing details of transactions with Resolution and its subsidiaries.

10. Parent undertaking and controlling party

The Company's immediate parent company is Phoenix Life Limited, which is registered in England and Wales.

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.