

# Phoenix Life Insurance Services 2 Limited

(A member of the Pearl group)

## Report and Financial Statements for the year ended 31 December 2007



# Phoenix Life Insurance Services 2 Limited

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## Report and financial statements for the year ended 31 December 2007

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## **Phoenix Life Insurance Services 2 Limited**

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### **Directors**

Mr W Downing

Mr A Kassimiotis

### **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

## Phoenix Life Insurance Services 2 Limited

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### Directors' report for the year ended 31 December 2007

The Directors present their annual report and accounts for the year ended 31 December 2007

### Principal activities and review of business

The Company has not traded in the year and has therefore received no income nor incurred any expenditure

During 2007, the Company was part of the Resolution group, whose ultimate parent undertaking 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 result of the Company for the year is shown in the profit and loss account on page 9. The directors do not recommend the payment of a dividend (2006: £Nil). From December 2007 the activities of the company are being wound down.

### Going Concern

It is the intention to wind up the Company. The Directors therefore consider that the Company is no longer a going concern and have accordingly drawn up the accounts on the basis of the realisable value of assets and liabilities. Recording assets and liabilities at net realisable values has had no impact on the results for the year or balance sheet values at 31 December 2007 or 2006.

### Directors

Mr W Downing served as a director throughout the year. Mr B J Meehan resigned as a director of the Company on 1 May 2008 and Mr A Kassimotis was appointed as a director of the Company on that date.

Mr W Downing was also a director of Pearl Group Management Services Limited (formerly Resolution Management Services Limited), the immediate parent company, during the year.

### Directors' Indemnity

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.

### Company Secretary

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

### Key Performance Indicators

Given that the Company has not traded during the year, 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.

### Principal Risks and Uncertainties

The directors have reviewed the principal risks facing the Company and as the Company has not traded during the year these are considered to be minimal. The Company is exposed to the risk of counterparty default in relation to amounts receivable from other companies within the same group.

## Phoenix Life Insurance Services 2 Limited

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### Disclosure of information to the auditors

In the case of each of the persons who are directors of the company at the date of approval of this report

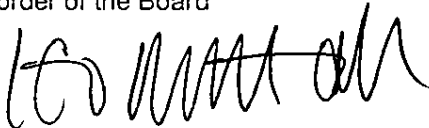
- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit 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

### Elective Regime

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

By order of the Board



L Nuttall

Authorised Signatory on behalf of

**Pearl Group Secretariat Services Limited**

Secretary

24 October 2008

## Phoenix Life Insurance Services 2 Limited

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### 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 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. 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

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## Phoenix Life Insurance Services 2 Limited

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### Independent Auditor's report to the shareholders of Phoenix Life Insurance Services 2 Limited

We have audited the Company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 8. These financial statements have been prepared under the accounting policies set out on page 11.

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 auditor

The directors are responsible for the preparation of 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.

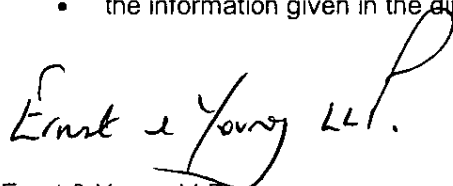
## Phoenix Life Insurance Services 2 Limited

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### 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 result 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

A handwritten signature in black ink that reads "Ernst & Young LLP." The signature is written in a cursive, flowing style.

Ernst & Young LLP  
Registered Auditor  
London

27 October 2008



## Phoenix Life Insurance Services 2 Limited

### Profit and loss account

for the year ended 31st December 2007

	Notes	2007 £'000	2006 £'000
Turnover		-	-
Cost of sales		-	-
<b>Operating loss</b>		-	-
<b>Profit on ordinary activities before taxation</b>		-	-
Taxation on profit on ordinary activities	2	-	(845)
<b>Loss on ordinary activities after taxation</b>		-	(845)

All figures relate to discontinued operations

There have been no recognised gains or losses in either reporting year other than those recorded in the profit and loss account

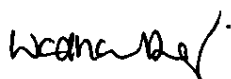
# Phoenix Life Insurance Services 2 Limited

## Balance sheet at 31st December 2006

	Notes	2007 £000	2006 £000
<b>Fixed assets</b>			
Other investments		-	742
		-	742
<b>Current assets</b>			
Debtors	3	9,196	9,196
Cash at bank and in hand		-	9
		9,196	9,205
<b>Creditors</b> amounts falling due within one year			
Amounts owed to group undertakings		(8,888)	(9,639)
		(8,888)	(9,639)
<b>Net current assets / (liabilities)</b>		308	(434)
<b>Total assets less current liabilities</b>		308	308
<b>Capital and reserves</b>			
Called up share capital	4	101	101
Share premium account		7,092	7,092
Profit and loss account	5	(6,885)	(6,885)
<b>Shareholders' funds – equity interests</b>		308	308

The notes on pages 11 to 13 form part of these financial statements

The financial statements on pages 9 to 13 were approved and authorised for issue by the board of directors on 24 October 2008 and signed on its behalf by



W Downing  
Director

# Phoenix Life Insurance Services 2 Limited

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## Notes on financial statements

### 1 Accounting policies

#### Basis of accounting

The principle accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These accounts have been prepared using net realisable value for all assets and liabilities due to the Company discontinuing all of its operations and it is therefore no longer a going concern. It is the intention to continue to wind up the Company in 2008.

#### Turnover

Turnover and cost of sales comprise amounts received and receivable from other companies within the group and amounts paid and payable under the contracts for services provided.

#### Cash flow statement

In accordance with FRS 1 (Revised 1996) 'Cash Flow Statements', no cash flow statement has been prepared on the basis that a consolidated statement including the cash flows of the Company has been presented by the ultimate parent company, Pearl Group Holdings (No. 1) Limited (previously Resolution plc).

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Such cost includes costs directly attributable to making the asset capable of operating as intended.

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:

Furniture, office equipment	5 years
Motor vehicles & other computer equipment	4 years
Desktop computer equipment	3 years

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax in the future.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse.

## Phoenix Life Insurance Services 2 Limited

### 2 Taxation

a) The charge for taxation in the profit and loss account comprises -

	2007 £000	2006 £000
UK Corporation tax on profit of the year	-	-
Prior year adjustments	-	670
Total current tax	-	670
Deferred tax		
Origination and reversal of timing differences (see note 2(c))	-	(1,515)
Tax on profit on ordinary activities	-	(845)

b) Factors affecting tax charge for the period

The UK corporation tax is more than the standard rate of 30% (2006 30%) due to the items set out in the reconciliation below

	2007 £000	2006 £000
Profit on ordinary activities before taxation	-	-
Experienced charge at 30% (2006 30%)	-	-
Factors affecting charge		
Expenses not deductible for tax purposes	-	-
Capital allowances for the period in excess of depreciation	-	-
Other timing differences	-	-
Adjustments to tax charge in respect of previous periods	-	670
<b>Current tax (charge)/credit for the year</b>	-	670

#### c) Deferred tax

	2007 £000	2006 £000
Accelerated capital allowances	-	-
Other timing differences	-	-
Deferred tax asset	-	-
At 1 <sup>st</sup> January	-	1,515
Amount (charged)/credited to profit and loss account	-	(1,515)
At 31 <sup>st</sup> December	-	-

#### d) Factors that may affect future tax charges

The company has further unrecognised deferred tax assets outlined below, which have not been recognised as they are considered unlikely to reverse in the foreseeable future

	2007 £000	2006 £000
Other timing differences	-	-

## Phoenix Life Insurance Services 2 Limited

<b>3 Debtors</b>	<b>2007 £000</b>	<b>2006 £000</b>
<b>Amounts falling due within one year</b>		
Amounts due from group undertakings	9,196	9,196
	<u>9,196</u>	<u>9,196</u>

<b>4 Share capital</b>	<b>2007 £000</b>	<b>2006 £000</b>
<b>Authorised, issued and fully paid</b>		
101,000 ordinary shares of £1 each	101	101

<b>5 Movements in shareholders' funds</b> <i>for the year ended 31 December 2007</i>	<b>Share capital £'000</b>	<b>Share premium £'000</b>	<b>Profit &amp; loss account £'000</b>	<b>Total 2007 £'000</b>	<b>Total 2006 £'000</b>
<b>Shareholders' funds at 1 January</b>	101	7,092	(6,885)	308	1,153
Shareholders' recognised (losses)/gains	-	-	-	-	(845)
Issue of share capital	-	-	-	-	-
<b>Shareholders' funds at 31 December</b>	<b>101</b>	<b>7,092</b>	<b>(6,885)</b>	<b>308</b>	<b>308</b>

## 6 Auditors' remuneration

The cost of auditing the Company's accounts amounting to £1,000 (2006 £1,000) is borne by the immediate parent company

The consolidated financial statements of Pearl Group Holdings (No 1) Limited, the ultimate parent company during the year, are required to comply with paragraph 1 of The Companies (Disclosure of Remuneration for Non-Audit work) Regulations 2005 and accordingly the remuneration of the auditors for other services provided to the Company is included in the disclosures given in those financial statements

## 7 Related party transactions

Advantage has been taken of the exemption provided in FRS 8 'Related Party Disclosures' from disclosing details of transactions with Pearl Group Holdings (No 1) Limited (formerly Resolution plc) and its subsidiary undertakings

## 8 Parent companies

The Company's immediate parent company is Pearl Group Management Services Limited, registered in England and Wales

Prior to 1 May 2008, the Company's ultimate 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

Copies of the consolidated financial statements of Pearl Group Holdings (No 1) Limited may be obtained from the Company Secretary at Juxon House, St Paul's Churchyard, London, EC4M 8BU