

CENTURY GROUP LIMITED

Company Registration Number: 4052152

DIRECTORS' REPORT AND FINANCIAL STATEMENTS for the year ended 31 December 2011

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CENTURY GROUP LIMITED

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Directors' report

The Directors present their Report and the Financial Statements of Century Group Limited ("the Company") for the year ended 31 December 2011

The Company is incorporated in the United Kingdom as a private limited company. Its registration number is 4052152 and its registered office is 1, Wythall Green Way, Wythall, Birmingham B47 6WG

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS')

Business Review

Principal activities

The principal activity of the Company is to act as a tenant of leasehold premises previously occupied as part of the Group's former operations. This will continue to be the principal activity for the foreseeable future. The Company also acts as an intermediate holding company.

Result and dividends

The results of the Company for the year are shown in the statement of comprehensive income on page 6. The loss before tax was £40,000 (2010: £54,000).

There were no dividends paid during the year (2010: £nil).

Principal risks and uncertainties

The Phoenix Group applies a consistent methodology for the identification, assessment, management and reporting of risk that includes a high level framework for the management of key risks within each business unit.

The principal risks and uncertainties facing the Company are:

- default risk, arising from the default of any sub-tenants to pay the rent or other fees as and when they fall due or the failure to sub-let these premises as and when they become vacant,
- liquidity risk, arising from insufficient liquid assets to meet payment obligations, and
- credit risk, arising from counterparty default in relation to bank deposits held.

The Company's exposure to these risks is monitored by the Board which agrees policies for managing the risks on an ongoing basis.

Key Performance Indicators ("KPIs")

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

Going concern

Having reviewed the position in light of the Financial Reporting Council Guidance issued in October 2009, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. At 31 December 2011, the Directors of the Company have received a letter of financial support from its parent company, Pearl Life Holdings Limited. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The names of those individuals who served as Directors of the Company during the year or who held office as at the date of signature of this report are as follows:

M J Merrick
A Moss

Secretary

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

Disclosure of indemnity

Qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006) were in force for the benefit of the Directors of the Company during the year and remain in place at the date of approval of this report.

Disclosure of information to auditors

So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are aware, 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.

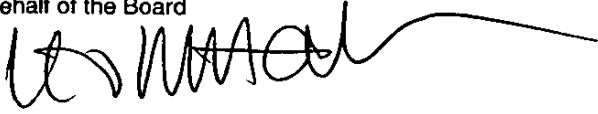
This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

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Re-appointment of auditors

In accordance with section 487 of the Companies Act 2006, the Company's auditors, Ernst & Young LLP, will be deemed to have been re-appointed at the end of the period of 28 days following circulation of copies of these financial statements as no notice has been received from members pursuant to section 488 of the Companies Act 2006 prior to the end of the accounting reference period to which these financial statements relate

On behalf of the Board



L Nuttall

For and on behalf of Pearl Group Secretariat Services Limited
Company Secretary

13 June 2012

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the Company financial statements ("the financial statements") in accordance with applicable United Kingdom law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare those statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial performance, financial position and cash flows of the Company for the accounting period. A fair presentation of the financial statements in accordance with IFRS requires the Directors to:

- select suitable accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance,
- state that the Company has complied with applicable IFRSs, 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's report to the members of Century Group Limited

We have audited the financial statements of Century Group Limited for the year ended 31 December 2011 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ('IFRS').

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

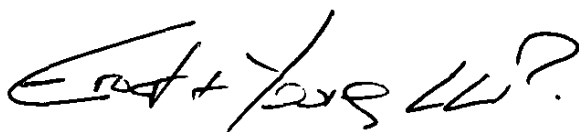
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Benjamin Gregory (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

14 June 2012

CENTURY GROUP LIMITED

Statement of comprehensive income
for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Administrative expenses		(40)	(54)
Total operating expenses		<u>(40)</u>	<u>(54)</u>
Loss before tax		(40)	(54)
Tax credit	6	11	15
Loss for the year attributable to owners		<u>(29)</u>	<u>(39)</u>
Other comprehensive income		-	-
Total comprehensive income for the year attributable to owners		<u>(29)</u>	<u>(39)</u>

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Statement of financial position
as at 31 December 2011

	Notes	As at 31 December 2011 £000	As at 31 December 2010 £000
Equity attributable to owners			
Share capital	7	-	-
Retained earnings		(194)	(165)
Total equity		<u>(194)</u>	<u>(165)</u>
Non-current liabilities			
Long-term provisions	8	42	51
Current liabilities			
Provisions	8	26	21
Other payables	9	129	145
Total current liabilities		<u>155</u>	<u>166</u>
Total equity and liabilities		<u>3</u>	<u>52</u>
Investment in subsidiaries	10	-	-
Current assets			
Other receivables	11	1	23
Cash and cash equivalents	12	2	29
Total current assets		<u>3</u>	<u>52</u>
Total assets		<u>3</u>	<u>52</u>

On behalf of the Board



A Moss
Director
13 June 2012

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Statement of cash flows
for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Cash flows from operating activities			
Cash absorbed by operations	13	(30)	(19)
Net cash flows from operating activities		<u>(30)</u>	<u>(19)</u>
Cash flows from financing activities			
Repayment of VAT from Group entity		<u>3</u>	<u>-</u>
Net cash flows from financing activities		<u>3</u>	<u>-</u>
Net decrease in cash and cash equivalents		<u>(27)</u>	<u>(19)</u>
Cash and cash equivalents at the beginning of the year		29	48
Cash and cash equivalents at the end of the year		<u>2</u>	<u>29</u>

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Statement of changes in equity
for the year ended 31 December 2011

	Share capital (note 7) £000	Retained earnings £000	Total £000
At 1 January 2011	-	(165)	(165)
Loss for the year	-	(29)	(29)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(29)	(29)
At 31 December 2011	-	(194)	(194)

	Share capital (note 7) £000	Retained earnings £000	Total £000
At 1 January 2010	-	(126)	(126)
Loss for the year	-	(39)	(39)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(39)	(39)
At 31 December 2010	-	(165)	(165)

Notes to the financial statements**1 Accounting policies****(a) Basis of preparation**

The financial statements have been prepared on a historical cost basis

The financial statements are separate financial statements and the exemptions in paragraph 10 of IAS 27 *Consolidated and Separate Financial Statements* and section 401 of the Companies Act 2006 have been used not to present consolidated financial statements

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS')

The financial statements are presented in sterling (£) rounded to the nearest £000 except where otherwise stated

Assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by an international financial reporting standard or interpretation, as specifically disclosed in the accounting policies of the Company

(b) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in the statement of changes in equity, in which case it is recognised in this statement

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the date of the statement of financial position together with adjustments to tax payable in respect of previous years

Deferred tax is provided for on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided in respect of temporary differences arising from the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the period end

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised

(c) Investment in subsidiaries

Investments in shares in subsidiaries are carried in the statement of financial position at cost less impairment

The Company assesses at each reporting date whether an investment in a subsidiary or group of investments in subsidiaries is impaired. The Company first assesses whether objective evidence of impairment exists. If objective evidence of impairment exists the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognises the amount as an expense in the statement of comprehensive income

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity term of three months or less at the date of placement

(e) Provisions and contingent liabilities

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where the Company has a present legal or constructive obligation as a result of a past event but it is not probable that there will be an outflow of resources to settle the obligation or the amount cannot be reliably estimated, this is disclosed as a contingent liability

(f) Leases

Where a significant element of the risks and rewards of title to the asset is retained by the lessor, such leases are classified as operating leases

(g) Share capital

The Company has issued an ordinary share which is classified as equity

(h) Events after the reporting period

The financial statements are adjusted to reflect significant events that have a material effect on the financial results and that have occurred between the period end and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the period end. Events that are indicative of conditions that arise after the period end that do not result in an adjustment to the financial statements are disclosed.

2. Financial information

The financial statements for the year ended 31 December 2011, set out on pages 6 to 15, were authorised by the Board of Directors for issue on 13 June 2012.

In preparing the financial statements the Company has adopted the following standards, interpretations and amendments which have been issued by the International Accounting Standards Board ("IASB") and have been adopted for use by the EU. None of these have a material effect on the results of the Company.

- Annual improvements 2010. This makes a number of minor improvements to existing standards and interpretations.

The IASB has issued the following standards, interpretations and amendments which, subject to adoption for use by the EU, apply from the dates shown. The Company has decided not to early adopt any of these standards, interpretations or amendments where this is permitted. The impact on the Company of adopting them is subject to evaluation.

- Transfer of Financial Assets (Amendments to IFRS 7) (2012) – disclosure
- IFRS 9 *Financial Instruments* (2015). These are the first two parts of a replacement standard for IAS 39 *Financial Instruments: Recognition and Measurement* and deals with the classification and measurement of financial assets and financial liabilities, including some hybrid contracts.
- IFRS 12 *Disclosure of Interests in Other Entities* (2013) combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- IFRS 13 *Fair Value Measurement* (2013) defines fair value and sets out in a single IFRS a framework for measuring fair value.
- IAS 27 *Separate Financial Statements (Revised)*. IAS 27 now only deals with the requirements for separate financial statements, which have been carried over largely unamended from IAS 27 *Consolidated and Separate Financial Statements*. Requirements for consolidated financial statements are now contained in IFRS 10 *Consolidated Financial Statements*.

In addition, the following standards, interpretations and amendments have been issued but are not currently relevant to the Company.

- IFRS 10 *Consolidated Financial Statements* (2013) provides a single consolidation model that identifies control as the basis for consolidation for all types of entities.
- Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1) (2012)
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (2013)
- Deferred tax: Recovery of Underlying Assets (Amendments to IAS 12) (2012)
- IFRS 11 *Joint Arrangements* (2013)
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (2013)
- IAS 19 *Employee Benefits (Amendment)* (2013)
- IAS 28 *Investments in Associates and Joint Ventures (Revised)*
- IAS 32 *Financial Instruments: Presentation (Amendment)*. The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments.
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*. Addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in its equity instruments being issued to extinguish all or part of the financial liability.

3. Employee information

The Company has no employees. Services are provided by Pearl Group Management Services Limited.

4. Directors' remuneration

The Directors are employed by Pearl Group Management Services Limited. The Directors received no remuneration in respect of their services to the Company (2010: £nil).

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5 Auditors' remuneration

The remuneration of the auditors of the Company, including their associates, in respect of the audit of the financial statements was £1,870 (2010 £2,307) These audit fees have been borne by another Group company

6. Tax credit

Current year tax credit

	2011 £000	2010 £000
Current tax		
UK Corporation tax	<u>11</u>	<u>15</u>

UK Corporation tax for the current period is equal (2010 equal) to the standard UK corporation tax rate of 26.5% (2010 28%)

Deferred tax assets in respect of unrelieved management expenses amounting to £371k (2010 £401k) have not been recognised as they are considered unlikely to be utilised in the near future

7. Share capital

	2011 £	2010 £
Issued and fully paid 1 (2010 1) ordinary share of £1 each	<u>1</u>	<u>1</u>

The Company's Articles of Association contain a restriction on the number of shares that may be allotted

The holders of the ordinary have the same rights to returns and voting The holders are entitled to one vote per share on matters to be voted on by owners and to receive such dividends, if any, as may be declared by the Board of Directors in its discretion out of legally available profits

8. Provisions

	Closed property provision £000
At 1 January 2011	72
Additions in the year	29
Utilised during the year	<u>(33)</u>
At 31 December 2011	<u>68</u>
Amount due for settlement after 12 months	<u>42</u>

The leasehold property provision has been made for amounts in respect of the excess of lease rentals and other payments on the property The property is currently vacant and so these amounts cannot be recovered from subletting the property The discount rate used is 5.50% and it is expected that the provision will be utilised over the next 3 years

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9. Other payables

	2011 £000	2010 £000
Amount due to parent	<u>129</u>	<u>145</u>
Amount due for settlement after 12 months	<u>-</u>	<u>-</u>

10. Investment in subsidiaries

	2011 £000	2010 £000
Cost		
At 1 January and 31 December	<u>50</u>	<u>50</u>
Impairment		
At 1 January and 31 December	<u>(50)</u>	<u>(50)</u>
Carrying amount		
At 31 December	<u>-</u>	<u>-</u>
Amount due for settlement after 12 months	<u>-</u>	<u>-</u>

The subsidiaries of the Company are as follows

	Country of incorporation and principal place of operation	Class of shares held (wholly-owned unless otherwise indicated)
Direct subsidiaries		
Pearl CL Limited	England	Ordinary shares of £1

11. Other receivables

	2011 £000	2010 £000
Amounts due from fellow subsidiaries	<u>1</u>	<u>23</u>
Amount recoverable after 12 months	<u>-</u>	<u>-</u>

The carrying amounts of other receivables approximate to their fair values

12. Cash and cash equivalents

	2011 £000	2010 £000
Bank and cash balances	<u>2</u>	<u>29</u>

The carrying amounts of cash and cash equivalents approximate to their fair values

13. Cash flows***Cash flows from operating activities***

	2011	2010
	£000	£000
Loss for the year before tax	(40)	(54)
Non-cash movements in loss for the year before tax		
Increase in provisions	4	40
Changes in operating assets and liabilities		
Decrease in other payables	(16)	(5)
Decrease in other receivables	22	-
Cash absorbed by operations	<u>(30)</u>	<u>(19)</u>

14. Capital management

The Company's capital comprises of share capital and all reserves. At 31 December 2011, the Directors of the Company have received a letter of financial support from its parent company, Pearl Life Holdings Limited. Information on the movements in capital is set out in the statement of changes in equity.

There are no externally imposed capital requirements on the Company. The Company's capital is monitored by the Directors and managed on an on-going basis.

15. Risk management

The principal risks and uncertainties facing the Company are default risk, liquidity risk and credit risk.

The Company has exposure to these types of risk as a result of normal business activities, specifically:

- the risk arising from the default of any sub-tenants to pay the rent or fees as and when they fall due (default risk),
- the Company's inability to meet short-term cash flow requirements (liquidity risk), and
- the risk arising from counterparty default in relation to bank deposits held (credit risk).

The Company's exposure to these risks is monitored by the Directors, who agree policies for managing each of these risks on an ongoing basis.

16. Operating leases

Operating lease rentals charged within administrative expenses amounted to £19,000 (2010: £19,000).

The Company has commitments under non-cancellable operating leases as set out below:

	2011	2010
	£000	£000
Not later than one year	19	19
Later than one year and no later than five years	44	48
Later than five years	<u>-</u>	<u>-</u>

The operating lease commitment relates to a lease on a property in Telford which expires in 2014. The Company is responsible for ensuring that it is redecorated every 5 years.

17 Related party transactions

The Company enters into transactions with related parties in its normal course of business. These are at arm's length on normal commercial terms.

Amounts due to related parties

	2011 £000	2010 £000
Amounts due to parent	<u>129</u>	<u>145</u>

Amounts due from related parties

	2011 £000	2010 £000
Amounts due from fellow subsidiaries	<u>1</u>	<u>23</u>

Key management compensation

The total compensation allocated to the Company and payable to employees classified as key management, which comprises the Directors, is disclosed in note 4.

During the year to 31 December 2011, key management and other family members had no other transactions with the Company.

Parent and ultimate parent entity

Information on the Company's parent and ultimate parent is given in note 19.

18. Contingent liabilities

A guarantee is in place to certain policyholders of Pearl CL Limited ("PCL"), the Company's subsidiary undertaking, which will be called upon should PCL be unable to meet specific contractual obligations. PCL's long term business was transferred to Phoenix Life Limited on 31 December 2006 in accordance with a scheme under Part VII of the Financial Services and Markets Act. The Company's obligation to provide this guarantee remains in force until 1 October 2012. At 31 December 2011 the Directors consider the Company's potential liability relating to this guarantee to be minimal and accordingly a provision is not being held (2010: nil).

19. Other information

The Company's principal place of business is the United Kingdom. The Company's immediate parent is Pearl Life Holdings Limited and its ultimate parent is Phoenix Group Holdings, a company incorporated in the Cayman Islands and resident in Jersey. A copy of the financial statements of Phoenix Group Holdings can be obtained from the Company Secretary, 1st Floor, 32 Commercial Street, St Helier, Jersey, JE2 3RU.