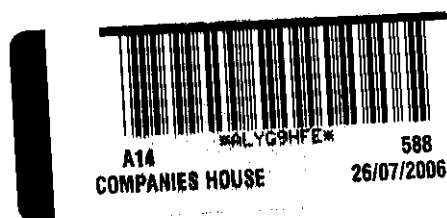


ALLIANCE & LEICESTER PRINT SERVICES LIMITED

Company Number 3805760

Report and Accounts
For the year ended 31 December 2005



Alliance & Leicester Print Services Limited

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Alliance & Leicester Print Services Limited

Directors' Report for the year ended 31 December 2005

The directors present their report, together with the audited accounts for the year ended 31 December 2005.

Principal Activity

The principal activity of the Company is to provide printing services to other companies in the Alliance & Leicester Group.

Business Review and Future Developments

No significant changes to the current business activities are envisaged.

The directors consider the financial position of the Company as at the year end and subsequently, to be satisfactory. They believe that there are sufficient resources to enable the Company to continue in business for the foreseeable future to meet present and projected activities and to take advantage of any new opportunities that may arise.

Results and Dividend

The results for the year under review are as set out in the Profit and Loss Account on page 8, together with the supporting notes to the accounts.

The profit on ordinary activities before tax for the year ended 31 December 2005 was £2,448,614 (2004: £2,325,147) which, after tax, resulted in a profit of £1,714,030 (2004: £1,627,603).

At 31 December 2005, the Directors propose a dividend of £nil in respect of 2005 (2004: £1,600,000 in respect of 2004). During the year the Company paid a 2005 dividend of £1,500,000 and a 2004 dividend of £1,600,000.

The figures for the year ended 31 December 2004 have been restated for the adoption of FRS 21 (see note 6).

Directors and Directors' Interests

The following persons were directors of the Company during the year:

Mrs C L Bayliss	(resigned 25 February 2005)
Mr G R Evans	(Alternate to H R Riley)
Mr S Leonard	
Mr C G Love	(Alternate to S Leonard)
Mrs H R Riley	
Mrs N J Veall	(Alternate to G Wilkinson)
Mr G Wilkinson	

None of the directors hold any beneficial interests in shares or debentures of the Company. The beneficial interests of the directors in Ordinary shares of the parent Company, Alliance & Leicester plc, were:

Directors	Fully Paid Shares of 50p each	
	At 1 January 2005	At 31 December 2005
G R Evans	1,298	1,335
S Leonard	1,273	2,485
C G Love	394	306
H R Riley	3,362	4,473
N J Veall	5,037	5,273
G Wilkinson	1,678	1,395

Alliance & Leicester Print Services Limited

Directors' Report for the year ended 31 December 2005 (continued)

Options to Acquire Shares

In addition, the following directors have options to subscribe for such shares granted under the terms of Alliance & Leicester Share Option Schemes:

Directors	Number of Options During the Year			At 31.12.05	Exercise price £	Market price at date of exercise £	Exercise period
	At 01.01.05	Granted	Exercised				
G R Evans	1,489			1,489	£7.95 #		06/08/05-06/08/12
	1,596			1,596	£7.54½ #		26/02/06-26/02/13
	719			719	£8.79½ #		01/09/06-01/09/13
	735			735	£8.79½ ~		01/09/06-01/09/13
	1,432			1,432	£8.60 ~		03/03/07-03/03/14
	1,602			1,602	£8.34 ~		29/07/07-29/07/14
		1,591		1,591	£8.71½ ~		07/04/08-06/04/15
		1,668		1,668	£8.81 ~		08/08/08-07/08/15
S Leonard	3,544		(3,544)	Nil	£6.70 #	£8.77½	23/02/04-23/02/11
	775		(775)	Nil	£8.05½ #	£8.77½	23/07/04-23/07/11
	2,172		(2,172)	Nil	£8.05½ ~	£9.229	23/07/04-23/07/11
	3,141		(3,141)	Nil	£8.37 ~	£9.229	12/03/05-12/03/12
	11,158		(11,158)	Nil	£7.95 ~	£9.229	06/08/05-06/08/12
	1,503		(1,503)	Nil	£6.32 §	£9.94½	01/11/07-01/05/08
	7,620			7,620	£7.54½ ~		26/02/06-26/02/13
	7,674			7,674	£8.79½ ~		01/09/06-01/09/13
	7,267			7,267	£8.60 ~		03/03/07-03/03/14
	8,393			8,393	£8.34 ~		29/07/07-29/07/14
		7,601		7,601	£8.71 ½ ~		07/04/08-06/04/15
		3,405		3,405	£8.81 #		08/08/08-07/08/15
		4,739		4,739	£8.81 ~		08/08/08-07/08/15
C G Love	Nil	Nil	Nil	Nil			
H R Riley	3,309		(3,309)	Nil	£8.05½ ~	£9.67½	23/07/04-23/07/11
	1,553		(1,553)	Nil	£8.37 ~	£9.67½	12/03/05-12/03/12
	5,886		(5,886)	Nil	£7.95 ~	£9.67½	06/08/05-06/08/12
	901		(901)	Nil	£6.32 §	£8.37½	01/11/05-01/05/06
	3,962			3,962	£7.54½ ~		26/02/06-26/02/13
	2,384			2,384	£8.79½ #		01/09/06-01/09/13
	1,287			1,287	£8.79½ ~		01/09/06-01/09/13
	537			537	£6.89 §		01/11/06-01/05/07
	3,779			3,779	£8.60 ~		03/03/07-03/03/14
	4,403			4,403	£8.34 ~		29/07/07-29/07/14
		1,036		1,036	£8.71½ #		07/04/08-06/04/15
		3,410		3,410	£8.71 ½ ~		07/04/08-06/04/15
		4,794		4,794	£8.81 ~		08/08/08-07/08/15
		806		806	£7.05 §		01/11/08-01/05/09
N J Veall	2,205		(2,205)	Nil	£5.10 ~	£9.21	17/02/03-17/02/07
	5,783			5,783	£6.70 ~		23/02/04-23/02/08
	4,403			4,403	£8.05½ ~		23/07/04-23/07/11
	1,970			1,970	£8.37 ~		12/03/05-12/03/12
	6,483			6,483	£7.95 ~		06/08/05-06/08/12
	4,707			4,707	£7.54½ ~		26/02/06-26/02/13
	4,361			4,361	£8.79½ ~		01/09/06-01/09/13
	1,342			1,342	£6.89 §		01/11/06-01/05/07
	4,294			4,294	£8.60 ~		03/03/07-03/03/14
	4,871			4,871	£8.34 ~		29/07/07-29/07/14
		3,442		3,442	£8.71½ #		07/04/08-06/04/15
		1,008		1,008	£8.71½ ~		07/04/08-06/04/15
		4,732		4,732	£8.81 ~		08/08/08-07/08/15

Alliance & Leicester Print Services Limited

Directors' Report for the year ended 31 December 2005 (continued)

Directors	Number of Options			At 31.12.05	Exercise price £	Market price at date of exercise £	Exercise period
	At 01.01.05	Granted	Exercised				
G Wilkinson	193			193	£9.00½ #		06/03/01-06/03/08
	1,832			Nil	£9.00½ ~	Lapsed	06/03/01-06/03/05
	3,091		(3,091)	Nil	£8.37 ~	£8.95	12/03/05-12/03/12
	12,468		(12,468)	Nil	£7.95 ~	£8.95	06/08/05-06/08/12
	2,618			Nil**	£6.32 §	Closed	01/11/07-01/05/08
	8,283			8,283	£7.54½ ~		26/02/06-26/02/13
	7,674			7,674	£8.79½ ~		01/09/06-01/09/13
	7,558			7,558	£8.60 ~		03/03/07-03/03/14
	8,872			8,872	£8.34 ~		29/07/07-29/07/14
		3,242		3,242	£8.71½ #		07/04/08-06/04/15
		4,732		4,732	£8.71½ ~		07/04/08-06/04/15
		9,024		9,024	£8.81 ~		08/08/08-07/08/15

§ Options granted under the Alliance & Leicester ShareSave Scheme

Options granted under the Alliance & Leicester Approved Company Share Option Scheme

~ Options granted under the Alliance & Leicester Unapproved Company Share Option Scheme

** ShareSave Scheme closed prior to maturity

Bonus Awards

The following table shows the directors' interests in deferred and matching share options awarded under the deferred bonus scheme

Executive director	Bonus year		Value of award £	Market value at date of grant £	No. of shares under option	Exercise price £	Exercise period
S Leonard*	2002	Deferred Shares	Nil	8.37	Nil	Nil	12/03/05-12/03/09
	2002	Matching Shares	Nil	8.37	Nil	Nil	12/03/05-12/03/09
	2003	Deferred Shares	20,235.69	7.545	2,682	Nil	26/02/06-26/02/10
	2003	Matching Shares	20,235.69	7.545	2,682	Nil	26/02/06-26/02/10
	2004	Deferred Shares	23,994.00	8.60	2,790	Nil	03/03/07-03/03/11
	2004	Matching Shares	23,994.00	8.60	2,790	Nil	03/03/07-03/03/11
	2005	Deferred Shares	14,998.51	8.715	1,721	Nil	07/04/08-06/04/12
	2005	Matching Shares	14,998.51	8.715	1,721	Nil	07/04/08-06/04/12
H Riley**	2001	Deferred Shares	Nil	6.785	Nil	Nil	15/03/04-15/03/08
	2001	Matching Shares	Nil	6.785	Nil	Nil	15/03/04-15/03/08
	2002	Deferred Shares	Nil	8.37	Nil	Nil	12/03/05-12/03/09
	2002	Matching Shares	Nil	8.37	Nil	Nil	12/03/05-12/03/09
	2003	Deferred Shares	7,952.43	7.545	1,054	Nil	26/02/06-26/02/10
	2003	Matching Shares	7,952.43	7.545	1,054	Nil	26/02/06-26/02/10
	2004	Deferred Shares	9,511.60	8.60	1,106	Nil	03/03/07-03/03/11
	2004	Matching Shares	9,511.60	8.60	1,106	Nil	03/03/07-03/03/11
	2005	Deferred Shares	8,441.93	8.715	969	Nil	07/04/08-06/04/12
	2005	Matching Shares	8,441.93	8.715	969	Nil	07/04/08-06/04/12

Alliance & Leicester Print Services Limited

Directors' Report for the year ended 31 December 2005 (continued)

Executive director	Bonus year		Value of award £	Market value at date of grant £	No. of shares under option	Exercise price £	Exercise period
N J Veall***	2002	Deferred Shares	Nil	8.37	Nil	Nil	12/03/05-12/03/09
	2002	Matching Shares	Nil	8.37	Nil	Nil	12/03/05-12/03/09
	2003	Deferred Shares	7,665.72	7.545	1,016	Nil	26/02/06-26/02/10
	2003	Matching Shares	7,665.72	7.545	1,016	Nil	26/02/06-26/02/10
	2004	Deferred Shares	7,593.80	8.60	883	Nil	03/03/07-03/03/11
	2004	Matching Shares	7,593.80	8.60	883	Nil	03/03/07-03/03/11
	2005	Deferred Shares	5,490.45	8.715	630	Nil	07/04/08-06/04/12
	2005	Matching Shares	5,490.45	8.715	630	Nil	07/04/08-06/04/12
G Wilkinson****	2002	Deferred Shares	Nil	8.37	Nil	Nil	12/03/05-12/03/09
	2002	Matching Shares	Nil	8.37	Nil	Nil	12/03/05-12/03/09
	2003	Deferred Shares	23,117.88	7.545	3,064	Nil	26/02/06-26/02/10
	2003	Matching Shares	23,117.88	7.545	3,064	Nil	26/02/06-26/02/10
	2004	Deferred Shares	24,991.60	8.60	2,906	Nil	03/03/07-03/03/11
	2004	Matching Shares	24,991.60	8.60	2,906	Nil	03/03/07-03/03/11
	2005	Deferred Shares	17,499.72	8.715	2,008	Nil	07/04/08-06/04/12
	2005	Matching Shares	17,499.72	8.715	2,008	Nil	07/04/08-06/04/12

Neither the matching or deferred share options granted are subject to a performance objective.

Notes

* S Leonard exercised his 2002 Matching and Deferred bonus options on 30/03/05 at a market price of £8.77½

** H Riley exercised her 2001 and 2002 Matching and Deferred bonus options on 13/12/05 at a market price of £9.45½

*** N Veall exercised her 2002 Matching and Deferred bonus options on 19/08/05 at a market price of £8.57½

**** G Wilkinson exercised his 2002 Matching and Deferred bonus options on 28/06/05 at a market price of £8.68

Directors' Interests in Contracts

No director had a material interest at any time during the year in any contract of significance with the Company.

Corporate Governance

The Company's policies on Corporate Governance are consistent with those established at Group level and referred to in the Group Report and Accounts for 2005 of Alliance & Leicester plc.

Creditors' Payment Policy

The Company's policy on creditor payment is consistent with that established at Group level. The Group is a signatory of the DTI's Better Payment Practice Code, details of which can be found at www.payontime.co.uk. The Company recognises the importance of maintaining good business relationships with its suppliers.

The Company policy is to:

- pay all invoices within the agreed terms;
- agree the terms of payment at the start of business with that supplier;
- ensure suppliers are aware of the payment terms;
- pay in accordance with any contractual and other legal obligations.

Trade creditor days of the Company for the year ended 31 December 2005 were 21 days (2004: 15 days), based on the ratio of Company trade creditors at the end of the year to the amounts invoiced during the year by trade creditors.

Alliance & Leicester Print Services Limited

Directors' Report for the year ended 31 December 2005 (continued)

Employment Policy

The Company does not have any employees. These are provided by Alliance & Leicester plc and a management charge exists to cover staff expenses.

Disclosure of Indemnities

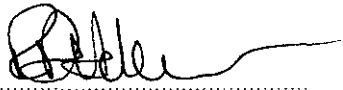
The directors confirm under S.309 of the Companies Act:-

- a) at the time this Directors' Report is signed a qualifying third party indemnity provision (provided by the parent company Alliance & Leicester plc) is in force for the benefit of all the directors of the company and;
- b) for the financial year ending 31 December 2005 a qualifying third party indemnity provision (provided by the parent company Alliance & Leicester plc) was in force for the benefit of all the directors of the company.
- c) that there is no qualifying third party indemnity provision provided by the Company for one or more directors of an associated company either on the date the Directors Report is signed or in the last financial year.

Auditors

The Company's auditors are Deloitte & Touche LLP. The Company has dispensed with the obligation to re-appoint auditors annually in accordance with S386 of the Companies Act 1985 as amended.

Approved by the directors
On 30 June 2006
And signed on their behalf by:



Richard Hawker
Secretary

Registered Office:

Building 3 Floor 2
Carlton Park
Narborough
Leicester
LE19 0AL

Alliance & Leicester Print Services Limited

Statement of Directors' Responsibilities for the year ended 31 December 2005

United Kingdom 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 as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements the directors are required to:

- select appropriate accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare financial accounts on the going concern basis unless it is inappropriate to assume that the Company will continue to be in business.

The directors are responsible for keeping proper accounting records which 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 the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of Alliance & Leicester Print Services Limited

We have audited the financial statements of Alliance & Leicester Print Services Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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 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

As described in the statement of directors' responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant framework 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, if 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 transactions with the Company is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985;

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

18 July 2006

Alliance & Leicester Print Services Limited

Profit and Loss Account

for the year ended 31 December 2005

	Notes	Continuing Operations	
		2005 £	2004 £
Turnover	2	24,261,648	26,267,178
Cost of sales		(21,129,185)	(23,461,083)
Gross profit		3,132,463	2,806,095
Administrative expenses		(683,849)	(480,948)
Operating profit being profit on ordinary activities before taxation	4	2,448,614	2,325,147
Tax on profit on ordinary activities	5	(734,584)	(697,544)
Profit for the financial year	10	1,714,030	1,627,603

In both the current and preceding years, the Company had no recognised gains or losses other than the profit for the financial year. Accordingly no statement of total recognised gains and losses is provided.

The accompanying notes form an integral part of the profit and loss account.

Alliance & Leicester Print Services Limited

Balance Sheet

as at 31 December 2005

	Notes	2005 £	2004 restated* £
Current assets			
Debtors	7	2,744,904	4,121,367
Creditors: amounts falling due within one year	8	(2,501,563)	(2,492,056)
Net assets		243,341	1,629,311
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	243,340	1,629,310
Total shareholders' funds	11	243,341	1,629,311

These financial statements were approved by the directors on 30 June 2006 and signed on their behalf by:



G Wilkinson
Director

The accompanying notes form an integral part of the balance sheet.

* The balance sheet as at 31 December 2004 has been restated for the adoption of FRS 21 (see note 6).

Alliance & Leicester Print Services Limited

Notes to the Financial Statements for the year ended 31 December 2005

1. Accounting Policies

Accounting Convention

The Company prepares its accounts under the historical cost convention, and in accordance with applicable UK law and accounting standards.

Cash Flow Statement

As a wholly owned subsidiary of Alliance & Leicester plc, the Company is exempt under FRS 1 (revised 1996) Cash Flow Statements from producing a cash flow statement on the grounds that the ultimate parent undertaking includes the Company in its own published consolidated financial statements.

Events after the Balance Sheet Date

FRS 21 Events after the Balance Sheet Date became effective during the year. Under FRS 21, equity dividends declared after the balance sheet date but before the financial statements are authorised for issue are not recognised as a liability at the balance sheet date. Such dividends are disclosed in the notes to the financial statements. The effects of this change in accounting policy are detailed in note 6.

2. Turnover

Turnover comprises the value of goods and services provided, excluding VAT. The origin and destination of all turnover was the United Kingdom.

3. Directors and Employees

The emoluments of the Chairman were £nil (2004: £nil). No other directors received any emoluments in respect of qualifying services to the Company during the year (2004: £nil). In 2004 and 2005 there are no employees of the Company.

4. Profit on Ordinary Activities before Taxation

The profit on ordinary activities before tax is stated after the following charges:

	2005 £	2004 £
Remuneration of the auditor and its associates		
For audit services	16,808	16,008

5. Tax on Profit on Ordinary Activities

	2005 £	2004 £
Analysis of charge in year		
UK corporation tax on profits for the year at 30 % (2004: 30%)	734,584	697,544
Tax on profit on ordinary activities	734,584	697,544

The tax charge for the period is equal to the standard rate of corporation tax in the UK of 30% (2004: 30%).

Alliance & Leicester Print Services Limited

Notes to the Financial Statements for the year ended 31 December 2005 (continued)

6. Dividends

The adoption of FRS 21 Events after the Balance Sheet Date has required a change in the method of accounting for dividends. Equity dividends declared after the balance sheet date but before the financial statements are authorised for issue are not recognised as a liability at the balance sheet date. Such dividends are disclosed in the notes to the financial statements. As a result of this change of accounting policy the comparatives have been restated as follows:

	Creditors at 31 December	Reserves at 1 January	Reserves at 31 December	Opening shareholders' funds	Closing shareholders' funds
	£	£	£	£	£
2004 as previously reported	4,092,056	1,707	29,310	1,708	29,311
Adoption of FRS 21	(1,600,000)	2,477,000	1,600,000	2,477,000	1,600,000
2004 restated	2,492,056	2,478,707	1,629,310	2,478,708	1,629,311

At 31 December 2005 the Directors propose an equity dividend of 0p (2004: 160,000,000p) per equity share.

During the year, the Company paid a 2005 dividend of £1,500,000 and a 2004 dividend of £1,600,000.

7. Debtors

	2005 £	2004 £
Amounts falling due within one year:		
Amounts owed by group undertakings	2,441,878	3,717,006
Other debtors	303,026	404,361
Total debtors	2,744,904	4,121,367

8. Creditors

	2005 £	2004 restated* £
Amounts falling due within one year:		
Trade creditors	647,307	585,962
Corporation tax	788,129	697,544
Accruals and deferred income	1,066,127	1,208,550
Total creditors	2,501,563	2,492,056

* Creditors at 31 December 2004 have been restated for the adoption of FRS 21 (see note 6).

Alliance & Leicester Print Services Limited

Notes to the Financial Statements for the year ended 31 December 2005 (continued)

9. Called Up Share Capital

	2005 £	2004 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

10. Reserves

	2005 £	2004 restated* £
At 1 January	1,629,310	2,478,707
Profit for the financial year	1,714,030	1,627,603
Final dividend for 2003	-	(2,477,000)
Final dividend for 2004	(1,600,000)	-
Final dividend for 2005	(1,500,000)	-
At 31 December	243,340	1,629,310

* 2004 reserves have been restated for the adoption of FRS 21 (see note 6).

11. Reconciliation of Movements in Shareholders' Funds

	2005 £	2004 restated* £
Profit for the financial year	1,714,030	1,627,603
Final dividend for 2003	-	(2,477,000)
Final dividend for 2004	(1,600,000)	-
Interim dividend for 2005	(1,500,000)	-
Net movement in shareholders' funds	(1,385,970)	(849,397)
Opening shareholders' funds	1,629,311	2,478,708
Closing shareholders' funds	243,341	1,629,311

* 2004 shareholders' funds have been restated for the adoption of FRS 21 (see note 6).

Alliance & Leicester Print Services Limited

Notes to the Financial Statements for the year ended 31 December 2005 (continued)

12. Ultimate Parent Undertaking and Other Related Party Transactions

The Company is a subsidiary undertaking of Alliance & Leicester plc, which is the ultimate parent undertaking and controlling entity and is incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is the Alliance & Leicester Group; these accounts may be obtained from the Company's registered office at Carlton Park, Narborough, Leicester LE19 0AL.

As permitted by paragraph 3(c) of FRS 8, no disclosure is made of transactions with members of the Alliance & Leicester Group.