

ROYAL LIVER (IFA HOLDINGS) PLC

REPORT AND ACCOUNTS

FOR THE YEAR TO

31 DECEMBER 2005

Registered No. 4666101



ROYAL LIVER (IFA HOLDINGS) PLC

REPORT OF THE DIRECTORS

The Directors present their Report and Accounts for the period ended 31 December 2005.

Principal Activities:

The principal activities of the company are to act as a holding company for Park Row Group Plc.

Review Of Business And Future Developments:

The company was created in 2003 as the vehicle to facilitate the purchases of 100% of the share capital of Park Row Group Plc.

Royal Liver (IFA Holdings) PLC., is a wholly owned subsidiary of Royal Liver Assurance Ltd. The Directors of Royal Liver Assurance Ltd., have formally indicated that they, as parent company, will provide the necessary financial support for Royal Liver (IFA Holdings) PLC., for the foreseeable future.

Results:

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
The (loss)/profit for the period before taxation was:	(138,551)	11,625
Taxation amounted to:	11,446	(3,488)
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Leaving a balance on profit and loss account of:	(127,105)	8,137
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Dividend:

The Directors do not recommend the payment of a dividend.

Directors:

The Directors who held office during the period were:-

Michael Warr
Kevin J. Dobson
Steven R. Burnett
George McGregor

Statement of Directors' Responsibilities:

Company law requires the Directors to prepare financial statements for each financial year that 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. The Directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

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.

Auditors:

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board,

A handwritten signature in black ink, appearing to read 'W S Connolly', with a long horizontal stroke extending to the right.

William S Connolly,

Secretary.

**Royal Liver (IFA Holdings) Plc.,
Royal Liver Building,
Liverpool,
L3 1HT.**

25 April 2006.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ROYAL LIVER (IFA HOLDINGS) PLC.

We have audited the financial statements of Royal Liver (IFA Holdings) Plc., for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors:

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP,
Chartered Accountants & Registered Auditors.
Liverpool.
25 April 2006

ROYAL LIVER (IFA HOLDINGS) PLC.

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2005

	NOTE	<u>2005</u>	<u>2004</u>
		<u>£</u>	<u>£</u>
TURNOVER:			
Investment Income		144,000	84,800
OPERATING EXPENSES:	(2)		
Administrative Expenses	(3)	(145,571)	(1,529)
OPERATING (LOSS)/PROFIT		(1,571)	83,271
OTHER EXPENSES			
Loan Note Interest Payable		(136,980)	(71,646)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(138,551)	11,625
TAX ON (LOSS)/ PROFIT ON ORDINARY ACTIVITIES			
Taxation	(4)	11,446	(3,488)
RETAINED (LOSS)/PROFIT FOR THE PERIOD	(10)	(127,105)	8,137

The company has no recognised gains and losses other than the (loss)/profit above and, therefore, no separate statement of total recognised gains and losses has been prepared.

There is no difference between the (loss)/profit on ordinary activities and the loss for the period and their historical cost equivalent.

All of the above amounts are in respect of continuing operations.

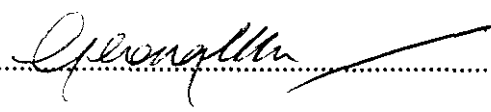
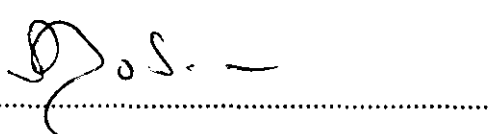
ROYAL LIVER (IFA HOLDINGS) PLC.

BALANCE SHEET AS AT

31 DECEMBER 2005

	NOTE	2005 £	2004 £
FIXED ASSETS			
Investments	(13)	18,776,679	18,836,516
CURRENT ASSETS			
Debtors	(5)	6,752,552	6,130,847
Bank		12,500	12,500
		<hr/>	<hr/>
		6,765,052	6,143,347
CURRENT LIABILITIES			
Creditors: Amounts Falling Due Within One Year	(6)	(22,048,764)	(19,782,259)
NET CURRENT LIABILITIES		(15,296,212)	(13,638,912)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,492,967	5,197,604
Creditors: Amounts falling due after more than one year	(7)	(851,380)	(2,407,142)
PROVISIONS FOR LIABILITIES & CHARGES	(8)	(2,784,835)	(2,806,605)
		(143,248)	(16,143)
CAPITAL & RESERVES		<hr/>	<hr/>
Called Up Share Capital	(9)	12,500	12,500
Profit & Loss Account	(10)	(155,748)	(28,643)
SHAREHOLDERS' FUNDS		(143,248)	(16,143)
		<hr/>	<hr/>

The financial statements on pages 4 to 11 were approved by the Board on 25 April 2006, and authorised to be signed by the persons referred to below:-

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Directors.

ROYAL LIVER (IFA HOLDINGS) PLC.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2005

(1) **Accounting Policies:**

- (a) The financial statements have been prepared on a going concern basis in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom and are prepared in accordance with the historical cost convention.

(b) **Taxation:**

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

Investments:

- (c) Investments in subsidiary undertakings are included in the balance sheet at cost, less provision for permanent diminution in value.

Cash Flow:

- (d) The Company has taken advantage of the exception under FRS 1 which excludes fully owned subsidiaries from the requirement to prepare a cash flow statement.

(e) **Group Accounts:**

The Company is a wholly owned subsidiary of a UK holding company and, in accordance with Section 228 of the Companies Act 1985, consolidated accounts have not been prepared.

(f) **Investment Income:**

Interest on investments is included in the profit and loss account on an accruals basis.

(2) Investment Income:	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Income from Loan	<u>144,000</u>	<u>84,800</u>
(3) Administrative Expenses:	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Administration Charge - RLA	2,500	-
Professional Fees	142,071	529
Audit Fees	<u>1,000</u>	<u>1,000</u>
	<u>145,571</u>	<u>1,529</u>

ROYAL LIVER (IFA HOLDINGS) PLC.

NOTES TO THE ACCOUNTS

OR THE YEAR ENDED 31 DECEMBER 2005

(4) **Taxation:**

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
U.K. Corporate tax at 30% (2004:30%) current tax for the year	(11,146)	3,488
adjustments in respect of prior years	(300)	-
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities	(11,446)	3,488
	<hr/>	<hr/>
Factors affecting the charge to tax:		
Profit/(Loss) on ordinary activities before tax	(138,551)	<u>11,625</u>
Tax on loss at U.K. standard rate	(41,566)	3,488
Effect of: disallowables	30,420	-
prior years' adjustments	(300)	-
	<hr/>	<hr/>
	(11,446)	3,488
	<hr/>	<hr/>

ROYAL LIVER (IFA HOLDINGS) PLC.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2005

(5)	Debtors: amounts falling due within one year:	<u>2005</u>	<u>2004</u>
		<u>£</u>	<u>£</u>
	Taxation recoverable	23,293	11,847
	Amounts due from subsidiary undertaking	6,729,259	6,119,000
		<hr/>	<hr/>
		6,752,552	6,130,847
		<hr/>	<hr/>
(6)	Creditors: amounts falling due within one year:		
	Amounts owed to parent undertaking	22,043,264	19,780,259
	Sundry Creditors	<u>5,500</u>	<u>2,000</u>
		22,048,764	19,782,259
		<hr/>	<hr/>
(7)	Creditors: amounts falling due after more than one year:		
	Guaranteed Loan Notes (Note 13)	<u>851,380</u>	<u>2,407,142</u>
<p>The rate of interest on the guaranteed loan notes is 4%. They are redeemable at par from 31 December 2005 until 31 December 2008, on which date they will be compulsorily redeemed at their nominal value. The principal of, and the interest on, the guaranteed loan notes is guaranteed by Royal Liver Assurance Ltd.</p>			
(8)	Provisions for Liabilities & Charges:		
	At 1 January	2,806,605	2,773,269
	(Decrease)/Increase in Expected Contingent Consideration	(21,770)	1,051,719
	Utilised	-	(1,018,383)
		<hr/>	<hr/>
	At 31 December	2,784,835	2,806,605
		<hr/>	<hr/>
(9)	Share Capital:		
	<u>Authorised</u>		
	49,998 Shares of £1 each	<u>49,998</u>	<u>49,998</u>
	<u>Allotted, called up and partly paid</u>		
	49,998 Shares of £0.25p each	<u>12,500</u>	<u>12,500</u>

ROYAL LIVER (IFA HOLDINGS) PLC.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2005

(10) **Profit & Loss Account:**

At 1 January	(28,643)	(36,780)
Retained (Loss)/Profit for the year	<u>(127,105)</u>	<u>8,137</u>
At 31 December	(155,748)	(28,643)

2005

2004

(11) **Reconciliation of Movement
in Shareholders' Funds:**

	<u>£</u>	<u>£</u>
Opening shareholders' funds	(16,143)	(24,280)
(Loss)/Profit for the period	<u>(127,105)</u>	<u>8,137</u>
Closing shareholders' funds	<u>(143,248)</u>	<u>(16,143)</u>

(12) **Directors' Remuneration:**

None of the Directors receives any remuneration from the company. All their remuneration is paid to them as members of the Committee of Management of Royal Liver Assurance Limited, which is the parent. Expenses incurred in carrying out the company's business are reimbursed to the Directors.

ROYAL LIVER (IFA HOLDINGS) PLC.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2005

(13) Investments:

On 23rd April 2003 Royal Liver Assurance (IFA Holdings) PLC, acquired a controlling interest in Park Row Group PLC.

	<u>2005</u> £	<u>2004</u> £
Shares in subsidiary		
Cost 1 January	18,836,516	17,782,411
Contingent Consideration (Note 8)	(21,770)	1,051,719
Guaranteed Loan Notes	(38,067)	2,386
	<hr/>	<hr/>
Cost 31 December	18,776,679	18,836,516
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Under the terms of the acquisition agreement a further consideration may be payable to shareholders who accepted the earn-out option. Based on management's current expectations of the level of Park Row Group turnover and gross profit margin, additional consideration of £3,843,000 (2004: £2,773,000) has been provided for.

(14) Parent:

The company's ultimate parent undertaking is Royal Liver Assurance Ltd., a friendly society incorporated in England. It has included the company's results in its group accounts, copies of which are available from its registered office: Royal Liver Building, Liverpool, L3 1HT. It also guarantees the liabilities of its subsidiaries.

(15) Related Parties:

Advantage has been taken of the exemption provided in FRS 8 from disclosing transactions with Royal Liver Assurance Limited and its subsidiaries.