

Registered No: 4666101

ROYAL LIVER (IFA HOLDINGS) PLC

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2010

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ROYAL LIVER (IFA HOLDINGS) PLC

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ROYAL LIVER (IFA HOLDINGS) PLC

REPORT OF THE DIRECTORS

The Directors present their Report & Financial Statements for the year ended 31 December 2010

Principal Activities:

The principal activities of the Company are to act as a holding Company for Park Row Group plc. In September 2009 the Directors of Park Row Group plc and its wholly owned subsidiary, Park Row Associates Limited took the decision to cease Park Row Associates Limited's Advised Sales activity and began facilitating the transfer of advisors to other companies. At that time, the Directors committed to an orderly solvent wind down of Park Row Group plc and Park Row Associates Limited. As a result, the Financial Statements of Park Row Group plc for the year ended 31 December 2010 are prepared on a non going concern basis.

The Financial Statements of Royal Liver (IFA Holdings) plc are prepared on a going concern basis, the Company continues to act as a holding Company entity for the Royal Liver Group.

Review Of Business And Future Developments:

The Company was incorporated in 2003 as the vehicle to facilitate the purchase of 100% of the ordinary share capital of Park Row Group plc. On 25 March 2010 the Board of Royal Liver (IFA Holdings) plc agreed to eliminate intercompany debt of £7,975,957 with Park Row Group plc resulting in the elimination of the intercompany debtor in Royal Liver (IFA Holdings) plc due from Park Row Group plc which was impaired to nil as at 31 December 2009.

Park Row Group plc:

The management at Park Row Group plc (the immediate parent Company of Park Row Associates Limited) continues to discuss the quality of historic advice and desk based monitoring procedures conducted by Park Row Associates Limited with the Financial Services Authority.

In common with other firms in the industry, Park Row Associates Limited has received, and continues to receive, complaints in respect of historic business written by advisers.

Following an assessment of an initial sample of cases in Park Row Associates Limited, which resulted in the ongoing past business reviews, the Financial Services Authority referred the matter to their Enforcement Division. As a result of further investigative work by the Enforcement Division a Public Announcement of the action was made on 24 February 2010, which stated that although it would normally have levied a fine on Park Row, this was being waived as Park Row were not in a position to pay such a fine whilst undertaking a wind-down of the business.

Park Row Associates Limited remains in regular dialogue with the FSA over the ongoing management and delivery of these Past Business Reviews and once closer to the anticipated closure of these reviews, consideration will be given to the liquidation of the Park Row Group plc, in concert with the regulatory obligations and mindful of the wishes and best interests of the ultimate Parent, Royal Liver Assurance Limited.

Further to the legal agreement between Park Row Associates Limited, Park Row Group plc and Royal Liver Assurance Limited of 14 December 2010, the obligation of Royal Liver Assurance Limited to meet the liability for redress provisions of £18.0m (2009 £7.3m) is represented by the reimbursement asset of £18.0m on the Balance Sheet of Park Row Group plc.

In accordance with this legal agreement, the obligation to meet the liability for the future costs of investigation of £4.2m was transferred to the Balance Sheet of Royal Liver Assurance Limited. Of the £4.2m transferred of obligations to Royal Liver Assurance Limited Balance

ROYAL LIVER (IFA HOLDINGS) PLC

REPORT OF THE DIRECTORS

Sheet, £2.4m was recognised for future costs of the investigation, £0.7m was an accrual in relation to 2010 costs and a further £1.1m has been paid out by Park Row Associates Limited and recharged to Royal Liver Assurance Limited through the Capital Contribution Reserve

Of the £0.9m of closure costs transferred to the Balance Sheet of Royal Liver Assurance Limited £0.2m was a provision for future operating costs incurred during the wind down of Park Row Group plc and Park Row Associates Limited, £0.3m was a provision for anticipated redundancy payments due to staff retained to complete the wind down of the companies and £0.4m had been paid out prior to signing the legal agreement by Park Row Associates Limited and recharged to Royal Liver Assurance Limited through the Capital Contribution Reserve

Professional Indemnity Insurance recoverable of £5.2m (2009 £2.9m) in respect of redress liabilities has also been transferred to the balance sheet of Royal Liver Assurance Limited in accordance with this legal agreement

In accordance with FRS 3 Reporting Financial Performance, and following the formal commitment by the Park Row Group plc Board in September 2009 to wind down the Park Row Group operations, provisions have been recorded in respect of future obligations that are not expected to be covered by the future profits of Park Row Group plc. The provisions principally relate to closure costs with £0.4m of closure costs being provided on the Balance Sheet of Park Row Associates Limited and a further £0.9m of closure costs being transferred to the Balance Sheet of Royal Liver Assurance Limited in accordance with the legal agreement of 14 December 2010

During 2009, KPMG LLP was engaged to undertake the Park Row Legacy Review suitability assessment working in conjunction with the Park Row Group and the FSA. This work continued throughout 2010. Following this review and in conjunction with another third party contractor, the Board of Park Row Associates Limited has made its best estimate of the total redress cost in order to inform the gross provision recorded in the Balance Sheet at 31 December 2010

Royal Liver (IFA Holdings) plc, is a wholly owned subsidiary of Royal Liver Assurance Limited

Principal Risks & Uncertainties:

The Directors of Royal Liver (IFA Holdings) plc manage the Company's risks and report to the Group in respect of those risks. The principal risks and uncertainties of Royal Liver Assurance Limited which include those of the Company, are discussed within the Report of the Committee of Management (Page 34) of the Group's Annual Report, which does not form part of this report

Key Performance Indicators (KPIs):

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

	2010 £	2009 £
Loss on Ordinary Activities before Taxation	(578)	(30,592,615)
Taxation	-	-
Retained Loss for the Year	(578)	(30,592,615)

ROYAL LIVER (IFA HOLDINGS) PLC

REPORT OF THE DIRECTORS

In the year ended 31 December 2009 the Company received a capital injection of £17,700,000 from Royal Liver Assurance Limited (the ultimate parent Company) from the issue of 17,700,000 shares for a cash consideration of £17,700,000

As at 31 December 2008 the carrying value of Park Row Group plc was £5,000,000. During 2009 Royal Liver (IFA Holdings) plc invested £17,700,000 into Park Row Group plc to fund the purchase of 17,700,000 £1 issued shares in Park Row Associates Limited (a subsidiary of Park Row Group plc). During 2009, management also undertook an impairment review of Park Row Associates Limited. Following that review, the investment in Park Row Group plc was impaired by £22,700,000 to appropriately reflect the value of Park Row Associates Limited. Subsequently the investment held in Royal Liver (IFA Holdings) plc in respect of Park Row Group plc was also written down to nil.

Dividend:

The Directors do not recommend the payment of a dividend (2009 NIL)

Directors:

The Directors who held office during the year were -

William Connolly (Appointed 30 March 2010)

Kevin J. Dobson

George McGregor (Resigned 28 March 2010)

Mike Warr (Resigned 20 November 2010)

Disclosure Of Information To Auditors:

Each of the persons who are a Director at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the UK Companies Act 2006

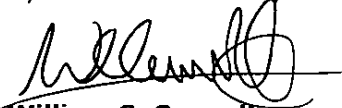
Directors Indemnities:

The ultimate parent Company, Royal Liver Assurance Limited, maintains Directors and Officers liability insurance in respect of legal action against Directors and Officers

Auditor:

A resolution to reappoint KPMG Audit Plc as Auditor to the Company will be proposed at the Annual General Meeting

By order of the Board,



William S. Connolly,
Secretary.

Royal Liver (IFA Holdings) plc,
Royal Liver Building,
Liverpool, L3 1HT.
07 March 2011

ROYAL LIVER (IFA HOLDINGS) PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL LIVER (IFA HOLDINGS) PLC

We have audited the Financial Statements of Royal Liver (IFA Holdings) plc for the year ended 31 December 2010 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 Directors' Responsibilities Statement 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

A description of the scope of an audit of Financial Statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, 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.


Jonathan Holt (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
St James' Square
Manchester
M2 6DS

07 March 2011

ROYAL LIVER (IFA HOLDINGS) PLC
PROFIT & LOSS ACCOUNT
For the year ended 31 December 2010

	NOTE	2010 £	2009 £
Turnover:			
Investment Income	2	-	88,000
Operating Expenses:			
Administrative Expenses	3	(10,800)	(12,479)
Exceptional Items			
Investment Write Down		(7,975,957)	(22,700,000)
Intercompany Loan provision credit / (charge)		7,975,957	(7,975,957)
Operating Loss		(10,800)	(30,600,436)
Other Income			
Bank Interest		10,222	7,821
Loss on Ordinary Activities before Taxation		(578)	(30,592,615)
Tax on Loss on Ordinary Activities:			
Taxation	5	-	-
Retained Loss for the year	9	(578)	(30,592,615)

The Company has no recognised gains & losses other than the loss for the year above and, therefore, no separate statement of total recognised gains & losses has been presented

There is no difference between the loss on ordinary activities and the loss for the period and their historical cost equivalents

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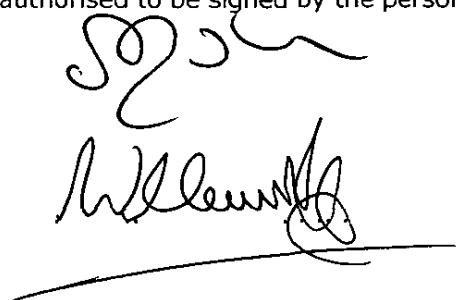
Company Reference No 4666101

BALANCE SHEET

As at 31 December 2010

	NOTE	2010 £	2009 £
Fixed Assets			
Investments	10	-	-
		-	-
Current Assets			
Debtors	11	-	-
Cash at bank & in hand		728,794	718,572
		728,794	718,572
Current Liabilities			
Creditors: Amounts falling due within one year	6	(40,046)	(29,246)
Total Assets less Current Liabilities		688,748	689,326
Capital & Reserves			
Called Up Share Capital	7	32,750,000	32,750,000
Profit & Loss Account	8	(32,061,252)	(32,060,674)
Equity Shareholders' Funds		688,748	689,326

The Financial Statements on pages 6 to 11 were approved by the Board on 07 March 2011 and authorised to be signed by the persons referred to below -



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Directors.

ROYAL LIVER (IFA HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

1. Accounting Policies:

The Financial Statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom and are prepared in accordance with the historical cost convention. The Financial Statements of Royal Liver (IFA Holdings) plc are prepared on a going concern basis. The Company continues to act as a holding company entity for the Royal Liver Group. The principal accounting policies which have been applied consistently throughout the year are set out below.

(a) **Investment Income**

Interest on investments is included in the Profit & Loss Account on an accruals basis.

(b) **Investments:**

Investments in subsidiary undertakings are included in the Balance Sheet at cost, less provision for permanent diminution in value.

(c) **Taxation:**

The UK taxation in the Profit & Loss account is based on (loss)/profit for the year as determined in accordance with the relevant tax legislation, together with adjustments of provisions of prior years.

Deferred taxation is provided, using the liability method, at appropriate rates of Corporation Tax in respect of timing differences where there is reasonable probability that such taxation will become payable or receivable. Deferred tax is not discounted. Credit is taken on relief for trading losses only to the extent that the Directors anticipate that profits will absorb such losses in the foreseeable future.

(d) **Group Accounts:**

The Company is a wholly owned subsidiary of a UK holding company and, in accordance with s400 of Companies Act 2006, consolidated accounts have not been prepared.

(e) **Cash Flow:**

The Company has taken advantage of the exemption under FRS 1 which excludes wholly owned subsidiaries from the requirement to prepare a cash flow statement.

(f) **Related Parties**

The Company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, Related Party Disclosures. Royal Liver (IFA Holdings) plc owns 98.1% of the total share capital of the Park Row Group plc, with the remaining share holding allocated to deferred share capital. The deferred share capital has no substantive ownership rights attaching, accordingly Park Row Group plc is considered to meet the definition of a wholly owned subsidiary of Royal Liver (IFA Holdings) plc.

ROYAL LIVER (IFA HOLDINGS) PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

2. Investment Income:

	2010 £	2009 £
Income from Loan	-	88,000

3. Administrative Expenses:

	2010 £	2009 £
Administration Charge – RLA	2,500	2,500
Professional Fees	7,300	8,979
Audit Fees	1,000	1,000
	10,800	12,479

4. Directors' Remuneration:

None of the Directors receive 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.

5. Taxation:

	2010 £	2009 £
Loss on Ordinary Activities before Tax	(578)	(30,592,615)
Tax on Profit at UK Standard Rate of 28% (2009: 28%)	(162)	(8,565,932)
Effect of		
Loss Relief	162	(23,336)
Disallowables	-	8,589,268
Taxation	-	-

The company has tax losses of approximately £970,597 (2009: £975,115) available to carry forward. No deferred tax asset has been recognised in respect of these losses.

6. Creditors: Amounts falling due within one year

	2010 £	2009 £
Amounts owed to Parent Undertakings	40,046	29,246

Amounts owed to parent company are unsecured, non-interest bearing and have no fixed date of repayment.

ROYAL LIVER (IFA HOLDINGS) PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

7. Share Capital:

	2010	2009
	£	£
Authorised:		
32,750,000 (2009 32,750,000) Shares of £1 each	32,750,000	32,750,000
Allotted, & Paid:		
32,750,000 (2009 32,750,000) Shares of £1 each	32,750,000	32,750,000

8. Profit & Loss Account:

	2010	2009
	£	£
At 1 January	(32,060,674)	(1,468,059)
Retained Loss for the year	(578)	(30,592,615)
At 31 December	(32,061,252)	(32,060,674)

9. Reconciliation of Movements in Shareholder's Funds:

	2010	2009
	£	£
Opening Shareholder's Funds	689,326	13,581,941
Issue of Shares	-	17,700,000
Loss for the Year	(578)	(30,592,615)
Closing Shareholder's Funds	688,748	689,326

10. Investments:

The company owns 98.1% of the ordinary share capital of Park Row Group plc, a holding company, incorporated in England and Wales

On 25 March 2010 the Board approved to waive the intercompany debt of £7,975,957 with Park Row Group plc resulting in the elimination of the intercompany debtor due from Park Row Group plc which was impaired to £nil as at 31 December 2009. The waiver of intercompany debt represented a capital contribution to Park Row Group plc and accordingly the Company has increased its investment in that company. The Directors have considered the recoverability of its investment in Park Row Group plc and concluded that it is impaired in full. An impairment of £7,975,957 has been taken to the profit and loss account.

ROYAL LIVER (IFA HOLDINGS) PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

10. Investments (continued)

	2010	2009
	£	£
Cost		
1 January	52,485,238	34,785,238
Capital Allocated	7,975,957	17,700,000
Cost at 31 December	60,461,195	52,485,238
Provisions		
1 January	52,485,238	29,785,238
Investment Write Down	7,975,957	22,700,000
Provision at 31 December	60,461,195	52,485,238
Net Book Value	-	-

11. Elimination of intercompany debt

At 31 December 2009 the Company had provided in full against its £7,975,957 loan to Park Row Group plc. On 25 March 2010 the Board approved to waive intercompany debt of £7,975,957 with Park Row Group plc resulting in the elimination of the intercompany debtor due from that company.

12. Related Parties:

The Company is a wholly owned subsidiary of an ultimate parent undertaking that publishes its consolidated Financial Statements and is therefore exempt from disclosure of intra-group related party transactions.

13. Ultimate Parent Undertaking:

The Company's ultimate parent undertaking is Royal Liver Assurance Limited, 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.