

Refuge Assurance Limited
(formally Refuge Assurance Plc)
Annual report and financial statements
for the year ended 31 December 2005

Registered Number 1364



Refuge Assurance Limited

Annual report and financial statements

for the year ended 31 December 2005

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Refuge Assurance Limited

Directors and auditors for the year ended 31 December 2005

Directors

Murray Ross
Stephen Shone
Michael Yardley

Secretary

Royal London Management Services Limited

Auditors

PricewaterhouseCoopers LLP
Southwark Towers
32 London Bridge Street
London
SE1 9SY

Registered Office

55 Gracechurch Street
London
EC3V 0RL

Registered Number

1364

Refuge Assurance Limited

Directors' report for the year ended 31 December 2005

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activity

The principal activity of the company was the transaction of long term insurance business.

On 1 January 2001 the whole of the long term business and the other assets and liabilities of the company were transferred to The Royal London Mutual Insurance Society Limited under a scheme under Part 1 of Schedule 2C of the Insurance Companies Act 1982. The company has not traded since.

During the financial year the company transferred from being a Public Limited Company to a Private Limited Company with effect from 7 April 2005.

Results and dividends

The profit for the year after tax was £20,000 (2004: £9,000). The directors do not propose the payment of a dividend (2004: £nil) and, accordingly, an amount of £20,000 was transferred to reserves (2004: £9,000).

Directors and their interests

The directors who held office during the year are given below:

Murray Ross
Stephen Shone
Michael Yardley

None of the directors in office at 31 December 2005 has or has had an interest in the share capital of any group undertaking.

Financial risk management

The Board of Directors has overall responsibility for the company's systems of financial risk management. Financial risk principally arises from the possibility that the value of the company's assets will not be sufficient to meet the obligations arising under its insurance contracts as they fall due. The principal components of this financial risk are the effects of changes in market prices, credit risk, liquidity risk and interest rate risk.

As these risks arise principally from the company's portfolio of investment assets the main technique used to manage them is through the company's investment policies and procedures. These stipulate approved counterparties, permitted investments and exchanges as well as detailing specific counterparty ratings and exposures.

Market price risk

The company is exposed to the risk that the value of its investment assets fall due to changes in market prices. This risk is mitigated by the company holding a range of different asset types within benchmarks set down within the investment procedures.

Refuge Assurance Limited

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

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. They are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

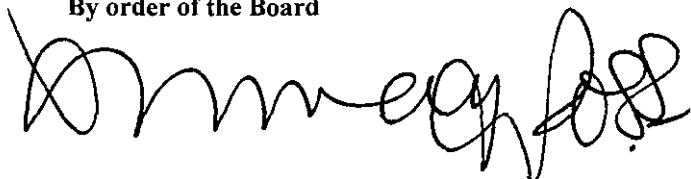
The directors confirm that suitable accounting policies have been used and applied consistently, with the exception of the change in accounting policies arising from the change in presentation basis of the accounts as explained in note 1, Accounting policies. They also confirm that reasonable and prudent 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

PricewaterhouseCoopers LLP are the incumbent auditors. An election is in force under section 386 of the Companies Act 1985 dispensing with the obligation to re-appoint auditors annually.

By order of the Board



Royal London Management Services Limited

Secretary

21 March 2006

Refuge Assurance Limited

Independent auditors' report to the shareholders of Refuge Assurance Limited

We have audited the financial statements of Refuge Assurance Limited 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 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 judgments 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
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
21 March 2006

Refuge Assurance Limited

Profit and loss account for the year ended 31 December 2005

		2005	2004
	Note	£000	£000
Administrative expenses	3	(13)	(13)
Other charges	2	(27)	(48)
Operating loss		(40)	(61)
Other interest receivable	2	70	74
Profit on ordinary activities before tax		30	13
Tax on profit on ordinary activities	5(i)	(10)	(4)
Retained profit for the financial year	9(i)	20	9

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

There are no recognised gains or losses other than those shown above in the profit and loss account.

The notes on pages 7 to 12 form an integral part of these financial statements.

Refuge Assurance Limited

Balance sheet as at 31 December 2005

		2005	2004
	Note	£000	£000
Fixed Assets			
Other financial investments	6	900	927
Current Assets			
Debtors			
Amounts due from group undertakings		212	181
Prepayments and accrued income		22	22
		234	203
Creditors: amounts falling due within one year			
Other creditors including taxation and social security	7	(128)	(144)
Net current assets		106	59
Total assets less total liabilities		1,006	986
Capital and reserves			
Called up share capital	8,9(ii)	1,189	1,189
Share premium account	9(ii)	6,801	6,801
Capital reserve	9(ii)	900	900
Non distributable reserve	9(ii)	(97)	(70)
Profit and loss account	9(ii)	(7,787)	(7,834)
Total shareholders' funds attributable to equity interests		1,006	986

The financial statements on pages 5 to 12 were approved by the board of directors on 21 March 2006 and signed on its behalf by:



Director
21 March 2006

The notes on pages 7 to 12 form an integral part of these financial statements.

Refuge Assurance Limited

Notes to the financial statements for the year ended 31 December 2005

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, as modified for the revaluation of investments and in accordance with applicable accounting standards.

The company has not presented a cash flow statement, taking advantage of the exemption within Financial Reporting Standard No. 1 (Revised), "Cash Flow Statements", as the cash flows of the company are consolidated within the cash flows of the ultimate parent undertaking, The Royal London Mutual Insurance Society Limited.

Investments

In 2005 there was a change in accounting policy for the valuation of listed securities from mid price to bid price. This was in accordance with the group parent company, The Royal London Mutual Insurance Society Limited, investment valuation policy. This change in valuation policy has had an immaterial effect on the investment values previously disclosed, therefore the prior year results have not been restated. All investments are stated at their current value. Unrealised gains on the annual revaluation of such investments are taken to the revaluation reserve. Unrealised losses are charged directly to the profit and loss account to the extent that they are not the reversal of unrealised gains previously recognised within the revaluation reserve.

Taxation

Provision is made for taxation at current rates on the excess of investment income and realised gains over expenses and relief for overseas taxation is taken where appropriate. Deferred taxation is provided on all unrealised gains and other timing differences, between their recognition in the financial statements and their recognition in the tax computations, except that overall assets are only recognised if there is persuasive and reliable evidence that the timing differences will reverse in the foreseeable future. The value of the resultant deferred tax assets and liabilities has been calculated on a discounted basis reflecting the fact that the timing differences are projected to reverse over several years. The discount rates used are the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with maturity dates similar to those of the deferred tax assets and liabilities.

Refuge Assurance Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

2 Other interest receivable and other charges

Other interest receivable of £69,750 (2004: £73,819) comprises interest received on investments, and other charges of £26,832 (2004: £48,060) comprise unrealised losses on investments.

3 Administrative expenses

Administrative expenses of £13,000 (2004: £13,000) comprise charges for the provision of services made under a management services agreement by Royal London Management Services Limited. The company has no employees.

4 Directors' and auditors' remuneration

The directors received no remuneration in respect of their services to the company (2004: £nil).

The remuneration of the auditors, PricewaterhouseCoopers LLP, for the year was £500 (2004: £500).

Refuge Assurance Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

5 Taxation

	2005	2004
(i) Tax charged in the profit and loss account	£000	£000
UK corporation tax at 30% (2004: 30%) on the profit for the year	10	4

(ii) Reconciliation of tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2005	2004
	£000	£000
Profit on ordinary activities before tax	30	13
Profit multiplied by the standard rate of UK corporation tax (30%)	9	4
Effects of:		
Interest imputed for tax purposes on intra-group debt	1	-
Current tax charge for the year	10	4

Refuge Assurance Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

6 Other financial investments

	Current value		Cost	
	2005	2004	2005	2004
	£000	£000	£000	£000
Debt securities and other fixed income securities	900	927	997	997

Debt securities and other fixed income securities were listed on a recognised investment exchange.

7 Other creditors including taxation and social security

	2005	2004
	£000	£000
Amounts due to group undertakings	119	140
Other creditors	9	4
	128	144

8 Called up share capital

	2005	2004
	£000	£000
Authorised		
105,000,000 ordinary shares of 5p each	5,250	5,250
Issued and fully paid		
23,779,630 ordinary shares of 5p each	1,189	1,189

Refuge Assurance Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

9 Shareholders' reserves

	2005 £000	2004 £000
(i) Profit and loss account		
At 1 January	(7,904)	(7,913)
Profit for the financial year	20	9
At 31 December	(7,884)	(7,904)

(ii) Reconciliation of movements in shareholders' funds

	Share capital £000	Share premium account £000	Capital reserve £000	Non- distributable reserves £000	Distributable reserves £000	Total £000
At 1 January 2005	1,189	6,801	900	(70)	(7,834)	986
Revaluation gains/ (losses)	-	-	-	(27)	-	(27)
Retained profit for the financial year	-	-	-	-	47	47
Net (reductions in) /additions to shareholders' funds	-	-	-	(27)	47	20
At 31 December 2005	1,189	6,801	900	(97)	(7,787)	1,006

Refuge Assurance Limited

Notes to the financial statements for the year end 31 December 2005 (continued)

10 Parent undertaking

The Royal London Mutual Insurance Society Limited, which is a company registered in England and Wales, is the ultimate parent undertaking.

The company has taken advantage of the exemption within Financial Reporting Standard No. 8, "Related Party Disclosures", not to disclose related party transactions with undertakings controlled within the group.

Copies of the financial statements of The Royal London Mutual Insurance Society Limited are available from the company's registered office.