

Company registration number (England and Wales) 3641384

FERRAVALLE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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FERRAVALLE LIMITED

COMPANY INFORMATION

COMPANY PERSONNEL

Directors The Earl of Oxford & Asquith
Nomina Plc

Company Secretary Hampden Legal Plc

COMPANY ADDRESSES

Registered office c/o Nomina Plc
85 Gracechurch Street
London
EC3V 0AA

Member's agent Hampden Private Capital Limited
85 Gracechurch Street
London
EC3V 0AA

Auditors Humphrey & Co
7 - 9 The Avenue
Eastbourne
East Sussex
BN21 3YA

Solicitors Morton Fraser
30-31 Queen Street
Edinburgh
EH2 1JX

FERRAVALLE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

The directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2010

Results and dividends

The profit for the year after taxation was £35,080 (2009 profit £171,568) The directors do not recommend the payment of a final dividend

Principal activities and review of the business

The principal activity of the Company in the year under review was that of a corporate underwriting member of Lloyd's The Company commenced underwriting with effect from 01 January 1999.

The result for the year is in respect of the 2010 annual accounting year, which consists of movements in the 2008, 2009 and 2010 years of account as well as any 2007 and prior run-off years Gross premiums written decreased from £1,256,499 to £1,127,324 compared to the previous year and the overall balance on the technical account decreased from £232,707 to £52,208 as a result of the level of claims experienced

The company has continued to underwrite on the 2011 underwriting account where the market conditions are considered favourable for a profitable outcome subject to the level of claims experienced

The key business risks and uncertainties affecting the company are considered to relate to insurance risk, investment and currency risk and regulatory risk

Financial risk management objectives and policies

The Company is principally exposed to financial risk through its participation on Lloyd's Syndicates It has delegated sole management and control of its underwriting through each Syndicate to the Managing Agent of that Syndicate and it looks to the Managing Agents to implement appropriate policies, procedures and internal controls to manage each Syndicates' exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk The Company is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Company

Hedge accounting is not used by the Company

Key Performance Indicators

The directors monitor the performance of the Company by reference to the following key performance indicators

	2010	2009
Capacity (youngest underwriting year) (£)	1,275,953	1,079,388
Gross premium written as a % of capacity	88.4 %	116.4 %
Underwriting profit of latest closed year as a % of capacity	8.8 %	18.5 %
Run-off years of account movement (£)	-	(321)
Combined ratio	99.0 %	85.1 %

The combined ratio is the ratio of net claims incurred, commissions and expenses to net premiums earned

FERRAVALLE LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

Directors

The directors who held office at any time during the year are listed below

The Earl of Oxford & Asquith
Nomina Plc

Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting 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,
- 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.

The directors 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

The auditors, Humphrey & Co, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on *3rd August* 2011 and signed on its behalf by

Oxford v Asquith

The Earl of Oxford & Asquith
Director

FERRAVALLE LIMITED

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF FERRAVALLE LIMITED

We have audited the financial statements of Ferravale Limited for the year ended 31 December 2010 on pages 5 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 a Report of the Auditors 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent 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 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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 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.



Andrew Robinson (Senior Statutory Auditor)
for and on behalf of Humphrey & Co
Chartered Accountants
Statutory Auditor

Date 25 August 2011

Humphrey & Co
7-9 The Avenue
Eastbourne
East Sussex
BN21 3YA

FERRAVALLE LIMITED**PROFIT AND LOSS ACCOUNT - TECHNICAL ACCOUNT (GENERAL BUSINESS)
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
Gross premiums written	2	1,127,324	1,256,499
Outward reinsurance premiums		(206,895)	(234,655)
Net premiums written		920,429	1,021,844
Change in the provision for unearned premiums			
Gross provision		15,753	31,450
Reinsurers' share		(5,302)	6,704
Net change in the provision for unearned premiums		10,451	38,154
Earned premiums net of reinsurance		930,880	1,059,998
Allocated investment income	4	45,076	76,301
Claims paid			
Gross amount		(638,450)	(693,425)
Reinsurers' share		100,077	104,310
Net claims paid		(538,373)	(589,115)
Change in provision for claims			
Gross amount		(62,076)	106,303
Reinsurers' share		(582)	(28,832)
Net change in provision for claims		(62,658)	77,471
Claims incurred net of reinsurance		(601,031)	(511,644)
Net operating expenses	5	(320,713)	(390,063)
Investment expenses and charges		(2,004)	(1,885)
Balance on technical account for general business		52,208	232,707

FERRAVALLE LIMITED

PROFIT AND LOSS ACCOUNT - NON TECHNICAL ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Balance on the general business technical account		52,208	232,707
Investment income	6	987	1,797
Other income	7	4,177	6,713
Other charges		(13,353)	(23,555)
Profit on ordinary activities before taxation	8	44,019	217,662
Tax on profit on ordinary activities	17	(8,939)	(46,094)
Profit for the financial year		35,080	171,568

The company has no recognised gains or losses other than the profit for the financial years stated above

All amounts above relate to continuing operations

FERRAVALLE LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2010

ASSETS	Note	Syndicate Assets £	Corporate £	2010 Total £	2009 Total £
Intangible assets					
Syndicate participation rights	9	-	3,332	3,332	4,435
Investments					
Financial investments	10	1,371,994	-	1,371,994	1,472,906
Deposits with ceding undertakings		366	-	366	369
Total investments		1,372,360	-	1,372,360	1,473,275
Reinsurers' share of technical provisions					
Provision for unearned premiums		54,383	-	54,383	59,337
Claims outstanding		240,752	-	240,752	249,228
Other technical provisions		122,541	-	122,541	111,507
Total reinsurers' share of technical provisions		417,676	-	417,676	420,072
Debtors					
Arising out of direct insurance operations	11				
Policyholders		3,125	-	3,125	3,889
Intermediaries		276,465	-	276,465	273,653
Arising out of reinsurance operations	11	43,277	-	43,277	35,027
Other debtors	12	336,600	164,729	501,329	711,076
Total debtors		659,467	164,729	824,196	1,023,645
Other assets					
Cash at bank	13	253,132	472,454	725,586	510,539
Other		1,493	-	1,493	1,867
Total other assets		254,625	472,454	727,079	512,406
Prepayments and accrued income					
Accrued interest		3,211	-	3,211	7,729
Deferred acquisition costs		107,781	-	107,781	109,660
Other prepayments and accrued income		5,363	-	5,363	5,359
Total prepayments and accrued income		116,355	-	116,355	122,748
Total assets		2,820,483	640,515	3,460,998	3,556,581

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FERRAVALLE LIMITED

BALANCE SHEET (continued)

AS AT 31 DECEMBER 2010

	Note	Syndicate Liabilities £	Corporate £	2010 Total £	2009 Total £
LIABILITIES					
Capital and reserves					
Called-up share capital	14	-	500	500	500
Share premium account	15	-	-	-	-
Profit and loss account	15	-	460,191	460,191	425,111
Shareholder's funds attributable to equity interests	16	-	460,691	460,691	425,611
Technical provisions					
Provision for unearned premiums		602,915	-	602,915	464,675
Claims outstanding - gross amount		1,852,379	-	1,852,379	2,117,712
Total technical provisions		2,455,294	-	2,455,294	2,582,387
Provisions for other risks and charges					
Provision for taxation	17	-	41,020	41,020	71,431
Deposits received from reinsurers		-	-	-	-
Creditors					
Arising out of direct insurance operations		75,514	-	75,514	74,532
Arising out of reinsurance operations		147,191	-	147,191	132,576
Amounts due to credit institutions		-	-	-	115
Other creditors	18	123,361	138,804	262,165	251,466
Total creditors		346,066	138,804	484,870	458,689
Accruals and deferred income					
Other accruals and deferred income		19,123	-	19,123	18,463
Total liabilities		2,820,483	640,515	3,460,998	3,556,581

Approved by the Board on *3rd August* 2011 and signed on its behalf by

Oxford & Asquith

The Earl of Oxford & Asquith
Director

Company Registration No. 03641384

FERRAVALLE LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	19	225,065	178,265
Returns on investments and servicing of finance			
Interest received		987	1,797
Dividends received		-	-
Net cash inflow from returns on investments and servicing of finance		987	1,797
Taxation			
UK corporation tax paid/refunded		(29,003)	280
Foreign tax paid		(420)	(482)
Net cash outflow from taxation		(29,423)	(202)
Capital expenditure and financial investment			
Purchase of syndicate participation rights		(1,115)	-
Proceeds from sale of syndicate participation rights		4,177	6,713
Purchase of investments		-	-
Proceeds from sale of investments		-	-
Net cash inflow from capital expenditure and financial investment		3,062	6,713
Net cash inflow before financing		199,691	186,573
Financing			
Funds withdrawn from the company by the company's shareholders		(20,402)	(121,217)
Net cash outflow from financing		(20,402)	(121,217)
Increase in cash		179,289	65,356
Net funds at 1 January		293,165	227,809
Increase in cash in the year		179,289	65,356
Net funds at 31 December		472,454	293,165

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the Cash Flow Statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the Syndicates at Lloyd's.

FERRAVALLE LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies

1.1 Basis of preparation

The Financial Statements have been prepared in accordance with the Companies Act 2006 and Regulation 6 of Schedule 3 to the Large and Medium Sized Companies And Groups (Accounts and Reports) Regulations 2008 and the recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in 2005. They are prepared under the historical cost basis of accounting modified to include the revaluation of investments, and comply with applicable accounting standards.

Basis of accounting

The technical account has been prepared on an annual basis of accounting, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums net of re-insurance. Amounts reported in the technical account relate to movements in the period in respect of all relevant years of account of the Syndicates on which the company participates.

Accounting information in respect of the Syndicate participations has been provided by the Syndicate managing agents through an information exchange facility operated by Lloyd's and has been reported on by the Syndicate auditors.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the Syndicates' managing agents and are shown separately on the Balance Sheet as "Syndicate Assets" and "Syndicate Liabilities". The assets are held subject to trust deeds for the benefit of the Syndicates' insurance creditors.

In continuing to apply the going concern basis to this Company's Financial Statements the following factors have been taken into account: the likely timing of any underwriting and non-underwriting cash flows, any Funds at Lloyd's supporting the Company's underwriting and not reflected in the Company's Balance Sheet and the continued support of the Directors and Shareholders including the potential deferral of balances due to them.

General business

i Premiums

Gross premiums are accounted for in the period in which the risk commences, together with adjustments to premiums written in previous accounting periods. Future premiums relating to risks commencing in the period are based upon estimates made by the Syndicates' management. Other adjustments are accounted for as arising.

ii Unearned premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis having regard where appropriate, to the incidence of risk. The specific basis adopted by each Syndicate is determined by the relevant managing agent.

iii Deferred acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

iv Reinsurance premiums

Reinsurance premium costs are allocated by the Managing Agent of each Syndicate to reflect the protection arranged in respect of the business written and earned.

FERRAVALLE LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

v Claims

Provision is made for the estimated cost of claims outstanding at the end of the year, including those incurred but not reported at that date, and for the related cost of settlement. Claims incurred comprise amounts paid or provided in respect of claims occurring during the current year, together with the amount by which settlement or reassessment of claims from previous years differs from the provision at the beginning of the year.

The claims provision determined by the managing agent will have been based on information that was currently available at the time. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided and will be reflected in the financial statements for the period in which the adjustment is made.

vi Closed years of account

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account. The amount of the reinsurance to close premium payable is determined by the managing agent, generally by estimating the cost of claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported at that date, and an estimate of future claims handling costs.

Any subsequent variation in the ultimate liabilities of the closed year of account is borne by the underwriting year into which it is reinsured.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring Syndicate was unable to meet its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle outstanding claims.

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle the liabilities outstanding at the closure of an underwriting account. The company has included its share of the reinsurance to close premiums payable as technical provisions at the end of the current period, and no further provision is made for any potential variation in the ultimate liability of that year of account.

vii Run-off years of account

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities of that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

viii Investments and allocated investment income

In accordance with Lloyd's current accounting practice, investments are stated at market value, including accrued interest at the Balance Sheet date. Investment income is included in the General Business Technical Account reflecting that earned on the investment portfolio managed by the Syndicates. The allocated investment income therefore comprises income received and investment profits and losses arising in the calendar year including appreciation/depreciation and accrued interest consequent upon the revaluation of investments at 31 December. All gains and losses on investments are treated as realised at the Balance Sheet date.

FERRAVALLE LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

ix Basis of currency translation

Syndicates maintain separate funds in Sterling, United States and Canadian dollars, and may also do so in certain other currencies. All transactions where separate currencies are maintained are translated into Sterling at the rates of exchange ruling at the Balance Sheet date. Transactions during the year in other overseas currencies are expressed in Sterling at the rates ruling at the transaction date.

x Debtors/creditors arising from insurance/reinsurance operations

The amounts shown in the Balance Sheet include the totals of all the Syndicates outstanding debit and credit transactions. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the Syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

xi Distribution of profits and collection of losses

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between Syndicates and their members. Lloyd's continues to require membership of Syndicates to be on an underwriting year of account basis and profits and losses belong to members according to their membership of a year of account. Normally profits and losses are transferred between the Syndicate and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. The Syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

1.2 Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

1.3 Intangible assets

Costs incurred by the Company in the Corporation of Lloyd's auctions in order to acquire rights to participate on Syndicates' underwriting years are included within intangible assets and amortised over a 3 year period beginning with the respective year of Syndicate participation.

1.4 Investments

Investments held directly by the company, by trustees of the Premium Trust Fund, or as the Lloyd's Deposit, are stated at market value.

FERRAVALLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

2	Class of business	Gross written premiums £	Gross premiums earned £	Gross claims incurred £	Operating expenses £	Reinsurance balance £
	2010					
	Direct					
	Accident and health	40,579	41,615	(18,452)	(17,883)	(2,218)
	Motor - third party liability	4,308	3,523	(1,945)	(1,069)	(36)
	Motor - other classes	112,314	112,669	(174,848)	(36,819)	(3,755)
	Marine, aviation and transport	92,791	93,550	(46,685)	(26,626)	(5,083)
	Fire and other damage to property	246,546	253,088	(116,278)	(82,607)	(40,606)
	Third party liability	229,900	220,499	(117,291)	(63,152)	(1,842)
	Credit and suretyship	17,326	16,172	(3,008)	(5,211)	(3,028)
	Other	5,406	6,032	(3,108)	(2,852)	(21)
	Total direct	749,170	747,148	(481,615)	(236,219)	(56,589)
	Reinsurance business					
	Reinsurance balance	378,154	395,929	(218,911)	(84,494)	(56,113)
	Total	1,127,324	1,143,077	(700,526)	(320,713)	(112,702)
	2009	£	£	£	£	£
	Direct					
	Accident and health	46,940	44,206	(21,803)	(18,873)	(2,903)
	Motor - third party liability	2,960	3,438	(2,283)	(942)	(198)
	Motor - other classes	120,246	112,232	(89,984)	(32,311)	(730)
	Marine, aviation and transport	100,014	99,609	(44,263)	(29,508)	(10,313)
	Fire and other damage to property	270,912	263,147	(125,607)	(89,692)	(36,052)
	Third party liability	227,571	234,875	(86,097)	(79,534)	(18,797)
	Credit and suretyship	16,107	15,872	(19,067)	(4,175)	1,696
	Other	7,761	7,501	(3,344)	(3,093)	(11)
	Total direct	792,511	780,880	(392,448)	(258,128)	(67,308)
	Reinsurance business					
	Reinsurance balance	463,988	507,069	(194,674)	(131,935)	(85,165)
	Total	1,256,499	1,287,949	(587,122)	(390,063)	(152,473)

Any open year loss provisions, stop loss premiums and stop loss recoveries have been allocated across the classes of business by reference to the gross premiums written

FERRAVALLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

3	Geographical analysis	2010	2009
		£	£
	Direct gross premiums written in:		
	United Kingdom	749,170	771,210
	Other EU member states	-	-
	The rest of the world	-	21,301
	Total	749,170	792,511

4	Allocated investment income	2010	2009
		£	£
	Investment income	42,651	67,220
	Realised gain on investments	2,425	9,081
	Total	45,076	76,301

5	Net operating expenses	2010	2009
		£	£
	Acquisition costs	240,958	263,931
	Administrative expenses	99,616	102,480
	(Profit)/Loss on exchange	(19,861)	23,652
	Total	320,713	390,063

FERRAVALLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

6	Investment income	2010 £	2009 £
	Income from other investments (including interest receivable)	987	1,797
	Realised gain from other investments	-	-
	Unrealised gain from other investments	-	-
	Total	987	1,797

7	Other income	2010 £	2009 £
	Profit on sale of syndicate participation rights	4,177	6,713
	Other	-	-
	Total	4,177	6,713

8	Profit on ordinary activities before taxation	2010 £	2009 £
	This is stated after charging		
	Auditor's remuneration - audit	640	640
	Auditor's remuneration - other	985	985
	Amortisation of syndicate capacity	2,218	2,218

The company has no employees

FERRAVALLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

9 Intangible assets	Syndicate Participation Rights £
Cost	
At 1 January 2010	61,882
Additions	1,115
Disposals	(2,365)
At 31 December 2010	60,632
Amortisation	
At 1 January 2010	57,447
Charge for the year	2,218
Impairment losses	-
Disposals	(2,365)
At 31 December 2010	57,300
Net book value	
At 31 December 2010	3,332
At 31 December 2009	4,435

10 Investments: Financial investments	Syndicate £	Corporate £	2010 Total £	2009 Total £
At market value				
Shares and other variable yield securities	140,028	-	140,028	103,712
Debt securities and other fixed income securities	1,179,892	-	1,179,892	1,333,693
Participation in investment pools	36,077	-	36,077	28,488
Loans guaranteed by mortgage	5,483	-	5,483	1,080
Other loans	6,000	-	6,000	62
Deposits with credit institutions	3,729	-	3,729	4,037
Other	785	-	785	1,834
Total	1,371,994	-	1,371,994	1,472,906
Listed investments included within the above	-	-	-	-

The corporate investments held include £Nil (2009 £Nil) at market value in respect of Lloyd's deposits that are held in accordance with the constraints detailed in note 20

FERRAVALLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

10 Investments. Financial investments (continued)

	Syndicate £	Corporate £	2010 Total £	2009 Total £
<i>At cost</i>				
Shares and other variable yield securities	132,361	-	132,361	101,631
Debt securities and other fixed income securities	1,185,637	-	1,185,637	1,331,662
Participation in investment pools	34,322	-	34,322	26,406
Loans guaranteed by mortgage	5,544	-	5,544	1,177
Other loans	6,000	-	6,000	62
Deposits with credit institutions	3,729	-	3,729	4,037
Other	677	-	677	1,565
Total	1,368,270	-	1,368,270	1,466,540

11 Debtors arising out of direct insurance and reinsurance operations

	Syndicate £	Corporate £	2010 Total £	2009 Total £
The following amounts are due after one year				
Direct insurance operations	58,714	-	58,714	142,368
Reinsurance operations	831	-	831	2,084
Total	59,545	-	59,545	144,452

12 Other debtors

	Syndicate £	Corporate £	2010 Total £	2009 Total £
Deferred tax	-	-	-	-
Other	336,600	164,729	501,329	711,076
Total	336,600	164,729	501,329	711,076

Corporate other debtors includes £67,502 (2009 £112,521) due to the company after more than one year
 Syndicate other debtors includes £17,063 (2009 £14,973) due to the company after more than one year

13 Cash at bank

	Syndicate £	Corporate £	2010 Total £	2009 Total £
Lloyd's deposit	109,964	10,662	120,626	99,251
Cash at bank and in hand	143,168	461,792	604,960	411,288
Total	253,132	472,454	725,586	510,539

Any Lloyd's deposit is held in accordance with the constraints detailed in note 20

FERRAVALLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

14 Share capital	2010	2009
	£	£
<i>Allotted, called up and fully paid</i>		
500 Ordinary shares of £1 00 each	500	500

15 Statement of movements on reserves	Share premium account	Profit and loss account
	£	£
At 1 January 2010	-	425,111
Profit during the year	-	35,080
At 31 December 2010	-	460,191

16 Reconciliation of movements in shareholders' funds	2010	2009
	£	£
Retained profit for the financial year	35,080	171,568
Proceeds from the issue of shares	-	-
Net addition to shareholders' funds	35,080	171,568
Opening shareholders' funds	425,611	254,043
Closing shareholders' funds	460,691	425,611

17 Taxation	2010	2009
	£	£
<i>Analysis of charge in year</i>		
<i>Current tax</i>		
UK Corporation Tax on profits of the year	37,128	27,201
Adjustments in respect of prior years	1,802	-
Foreign tax	420	482
Total current tax	39,350	27,683

FERRAVALLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

17 Taxation (continued)	2010 £	2009 £
<i>Analysis of charge in year</i>		
<i>Deferred tax</i>		
Origination and reversal of timing differences	(30,411)	18,411
Changes in tax rates	-	-
Adjustment to the estimated recoverable amounts of deferred tax assets arising in prior years	-	-
Other items	-	-
Total deferred tax	(30,411)	18,411
 Tax on profit on ordinary activities	 8,939	 46,094

Factors affecting tax charge for the year

The tax assessed for the year is higher (2009 - lower) than the standard rate of Corporation Tax in the UK of 21 00% (2009 - 21 00%) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before taxation	44,019	217,662
 Profit on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 21 00% (2009 - 21 00%)	 9,244	 45,709
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	-
Timing differences arising from the taxation of the underwriting results	29,788	4,808
Timing differences arising from the taxation of syndicate participation movements	-	-
Tax losses carried forward/(Utilisation of tax losses)	-	(16,911)
Adjustments to tax charge in respect of prior periods	2,222	-
Other adjustments	(1,904)	(5,923)
Current tax charge for the year	39,350	27,683

Factors that may affect future tax charges

The company has trading losses of £Nil (2009 - £Nil) available for carry forward against future trading profits

FERRAVALLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

17 Taxation (continued)	2010 £	2009 £
<i>Provision for deferred tax</i>		
At 1 January 2010	71,431	-
(Credit)/Charge to the profit and loss account	(30,411)	71,431
Released or utilised in the year	-	-
At 31 December 2010	41,020	71,431

Full provision has been made for all timing differences apart from the recovery of taxation losses against future trading profits, which cannot be prudently anticipated at this time.

The deferred tax asset not provided for in respect of Corporation Tax losses, and deferred tax losses not yet assessable to Corporation Tax, amounted to £Nil (2009 - £Nil)

18 Other creditors	Syndicate £	Corporate £	2010 £	2009 £
Other creditors	123,361	62,425	185,786	164,612
Social security costs	-	-	-	-
Corporation tax	-	37,128	37,128	27,201
Shareholders' loan account	-	39,251	39,251	59,653
	123,361	138,804	262,165	251,466

The above shareholders' loan has been included in the related party transactions note 21

19 Reconciliation of operating profit before interest to net cash inflow from operating activities

	2010 £	2009 £
Operating profit before interest	43,032	215,865
Current year result not distributable in year	(52,208)	(232,707)
Prior year result distributable in year	218,868	292,240
Profit on sale of syndicate participation rights	(4,177)	(6,713)
Increase/(Decrease) in creditors	17,653	(94,601)
(Increase)/Decrease in debtors	(321)	1,963
Amortisation and impairment of syndicate participation rights	2,218	2,218
Net cash inflow from operating activities	225,065	178,265

FERRAVALLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

20 Fund's at Lloyd's

Cash balances of £10,662 (2009 £10,616) detailed in note 13 and investments of £Nil (2009 £Nil) detailed in note 10 are held within the company's Lloyd's deposit

The Lloyd's deposit represents funds deposited with the Corporation of Lloyd's (Lloyd's) to support the company's underwriting activities as described in the accounting policies. The company has entered into a legal agreement with Lloyd's which gives the Corporation the right to apply these funds in settlement of any claims arising from the company's participation on Lloyd's Syndicates. These funds can only be released from the provision of this deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset or after the expiration of the company's liabilities in respect of its underwriting.

In addition to these amounts, the shareholders of the company have also made available to Lloyd's assets amounting to approximately £542,000 (2009 £542,000) which are also used by the company to support its Lloyd's underwriting. Some of these funds are also available to Lloyd's to meet the personal underwriting liabilities of the shareholders for underwriting years prior to the commencement of trading by the company.

21 Related party transactions

The Earl of Oxford & Asquith is the controlling Director and shareholder of the company. During 2010 he provided funding of £Nil (2009 - £2,186) and withdrew funding of £20,402 (2009 - £123,403). Included within creditors at 31 December 2010 is £39,251 (2009 - £59,653) which is due to The Earl of Oxford & Asquith. This amount is shown separately in note 18 under shareholders' loan account. No interest is chargeable on the amount outstanding.

FERRAVALLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

22 Syndicates

The company is or was an Underwriting Member of the following Syndicate(s) or MAPA's

Syn. No	Managing agent	2011 Allocated Capacity	2010 Allocated Capacity	2009 Allocated Capacity	2008 Allocated Capacity *
0033	Hiscox Syndicates Limited	128,414	142,682	107,012	99,878
0218	Cox Syndicate Management Limited	112,239	112,239	104,409	97,125
0318	Beaufort Underwriting Agency Limited	-	56,117	50,330	50,330
0386	Limit Underwriting Limited	84,622	84,622	78,801	78,801
0510	R J Kiln & Co Limited	190,182	190,182	130,232	121,546
0557	R J Kiln & Co Limited	25,188	50,196	50,196	50,196
0570	Atrium Underwriters Limited	58,246	58,246	50,378	50,378
0609	Atrium Underwriters Limited	38,109	38,109	27,683	29,861
0727	S A Meacock & Co Limited	38,879	38,879	35,876	35,876
0780	Advent Underwriting Limited	-	-	-	-
0958	Omega Underwriting Agents Limited	93,302	93,302	99,900	99,900
2010	Cathedral Underwriting Limited	104,942	104,942	89,948	89,948
2020	Wellington Underwriting Agencies Limited	-	-	-	-
2525	Abacus Syndicates Limited	42,000	42,000	42,000	42,000
2526	Abacus Syndicates Limited	45,074	28,681	28,681	28,681
2791	Managing Agency Partners Limited	129,816	123,362	99,670	63,036
6101	Argenta Syndicate Management	-	-	-	133,903
6103	Managing Agency Partners Limited	14,162	14,162	7,994	7,994
6104	Hiscox Syndicates Limited	25,000	25,000	27,678	27,678
6105	Ark Syndicate Management Limited	12,098	-	-	-
6106	Amlin Underwriting Limited	23,424	23,424	23,424	-
6107	Beazley Furlonge Limited	20,000	20,000	-	-
7217	Hampden Agencies Limited	22,696	29,808	25,176	-
<i>* shading denotes year of account in run-off</i>		£ 1,208,393	£ 1,275,953	£ 1,079,388	£ 1,107,131

In addition the company is still participating on the following syndicates or MAPA's in run-off

Syn No	Managing agent	Year of Account	Allocated Capacity
0218	Cox Syndicate Management Limited	2008	97,125