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Ravensworth Finance Limited

Directors' report and financial statements
For the year ended 30 September 2009

Registered number MC177875 (Cayman Islands)

Registered number FC027236 (UK)

Contents

Directors' report

The Directors present their report and the financial statements for the year ended 30 September 2009

Principal activities and business review

Ravensworth Finance Limited ("the Company") is an investment company whose principal activities were formerly to make and manage investments The Company had ceased to make and manage investments by 30 September 2009

The Company's results for the year ended September 2009 show a profit after tax of £46,000 (2008 £21,000)

The Directors consider the results for the year to be satisfactory

In December 2008 the Directors resolved that the Company should cease business and be wound up as soon as its outstanding affairs can be brought to a satisfactory conclusion In pursuance of this decision, the Company entered into an arrangement with its immediate parent company, Ampersand Investments (UK) Limited ("Ampersand"), whereby Ampersand will bear all future costs, receive all future revenues, and act as agent of the Company until such time as it is wound up

In December 2008 the Company resolved to repurchase and cancel all but one of its ordinary shares

At 30 September 2009the Company had no assets or liabilities, issued share capital of £1 and a deficit on its profit and loss reserves of £1

Dividends

Ordinary dividends totalling £46,123 (2008 £40,000) were declared and paid during the year

Directors

The Directors who held office during the period were as follows

Stephen Hjorring

Michael Kirkman resigned 27 October 2008

Drew Price

Philip Shaw

Philip Shaw resigned as Director on 31 March 2010 Anthony Dunn was appointed as Director on 8 April 2010 and resigned on 27 August 2010 Sean Andrews was appointed as Director on 27 August 2010

Directors' report *(continued)*

Principal risks and uncertainties
Refer to note 17 for details of the Company's policies relating to financial risk management

Key performance indicators ("KPIs")
Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Principal place of business
The Company is managed and controlled in the UK The offices of the Company and the location of board meetings throughout the year was 30 St Mary Axe, London EC3A 8EP

Political and charitable contributions
The Company made no political or charitable contributions during the current year or prior period

By order of the Board

Drew Price
Director
8 September 2010

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that year In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- state that the financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the IASB,
- 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 they have complied with the above requirements in preparing the financial statements

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 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

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

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476

By order of the Board

Drew Price
Director
8 September 2010

Balance sheet
as at 30 September 2009

	Note	**2009 £000**	2008 £000
Current assets			
Available for sale investments	3	-	1,020
Loans and receivables	4	-	1,025
Cash and cash equivalents		-	5
Total assets		-	2,050
Current liabilities			
Trade and other payables	5	-	(37)
Total liabilities		-	(37)
Net assets		-	2,013
Equity			
Equity share capital	6	-	2,000
Retained earnings		-	-
Available for sale reserve	7	-	13
Total equity		-	2,013

The notes on pages 8 to 18 form part of these financial statements

The financial statements on pages 4 to 18 were approved by the Board of Directors on 8 September 2010 and were signed on its behalf by

Drew Price
Director

Statement of changes in equity
for the year ended 30 September 2009

	Share Capital £000	Share Premium £000	Retained earnings £000	AFS Reserve £000	Total £000
Balance at 30 September 2007	**2,000**	**-**	**19**	**2**	**2,021**
Profit for the year			21		21
Fair value gain on AFS financial assets	-	-	-	15	15
Tax on fair value gain on AFS financial assets	-	-	-	(4)	(4)
Dividends relating to the year - ordinary dividends			(40)		(40)
Balance at 30 September 2008	**2,000**	**-**	**-**	**13**	**2,013**
Profit for the year	-	-	46	-	46
Fair value gain on AFS financial assets	-	-	-	54	54
Tax on fair value gain on AFS financial assets	-	-	-	(15)	(15)
Disposal of AFS financial assets	-	-	-	(52)	(52)
Dividends relating to the year - ordinary dividends	-	-	(46)	-	(46)
Repurchase of ordinary shares	(2,000)	-	-	-	(2,000)
Balance at 30 September 2009	-	-	-	-	-

The notes on pages 8 to 18 form part of these financial statements

Income statement
for the year ended 30 September 2009

	Note	2009 £000	2008 £000
Investment income	9	76	6,178
Interest expense	10	-	(6,120)
Administrative expenses	11	(35)	(37)
Operating profit and profit before income tax		41	21
Income tax	14	5	-
Profit for the year		46	21

The Company declared dividends on equity shares during the year of £46,000 (2008 £40,000)

The Company's results are derived from discontinued operations

The notes on pages 8 to 18 form part of these financial statements

Cash flow statement
for the year ended 30 September 2009

	Note	2009 £000	2008 £000
Cash flows from operating activities	15	**1,039**	(1,013)
Tax		**(5)**	-
Net cash used in operating activities		**1,034**	(1,013)
Cash flows from financing activities			
Disposal of preference shares		-	251,000
Redemption of debenture stock		-	(250,000)
Disposal of UK Gilts		**1,007**	-
Ordinary dividends paid	8	**(46)**	(40)
Reduction in ordinary share capital	6	**(2,000)**	-
Net cash generated in financing activities		**(1,039)**	960
Net (decrease) / increase in cash and cash equivalents		**(5)**	(53)
Balance at beginning of year		**5**	58
Cash and cash equivalents		**-**	5

Included within cash flows from operating activities are cash inflows relating to interest received of £75,000 (2008 £28,000) and cash outflows relating to interest paid of £nil (2008 £6,443,000)

Notes
(forming part of the financial statements)

1 General information
Ravensworth Finance Limited ("the Company") is a company which makes and manages investments The Company is a limited liability company incorporated in the Cayman Islands and domiciled, managed and controlled in the UK The offices of the Company and the location of board meetings throughout the year were 30 St Mary Axe, London EC3A 8EP The Company is not listed on any exchange The Company is registered in the Cayman Islands under the registration number MC177875 , and in the UK under the registration number FC027236

The financial statements were authorised for issue by the Board of Directors on 8 September 2010 Once approved, the financial statements cannot be amended without re-presenting them for approval by the Board

2 Summary of significant accounting policies
The principal accounting policies adopted in the preparation of the financial statements are set out below These policies have been consistently applied during the year unless otherwise stated

Basis of preparation
The financial statements were formerly prepared on a going concern basis and are now prepared on a break up basis as the Company ceased trading in December 2008 This change in the basis of preparation has had no impact on amounts presented in the financial statements All assets and liabilities are now disclosed as falling due within one year

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards, as adopted by the European Union and IFRIC interpretations IFRS standards and interpretations are issued by the International Accounting Standards Board and comprise International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee

The balance sheet and income statements in this document are presented in accordance with IAS 1 'Presentation of Financial Statements' These financial statements are prepared on a historical cost basis, as modified for certain items which have been fair valued in accordance with appropriate International Financial Reporting Standards. All references to figures in the narrative passages of these financial statements are in absolute terms

Standards, amendments and interpretations effective in the year
- IFRIC 12 - Service Concession Arrangements (effective 1 January 2008)
- IFRIC 13 - Customer Loyalty Programmes (effective 1 July 2008)
- IFRIC 14, IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction (effective 1 January 2008)

The Company adopted IAS 1 and IFRS 7 on incorporation These resulted in additional disclosures set out in Note 19 These do not have any impact on the classification and valuation of the company's financial instruments The remaining interpretations were either not relevant to the company or had no impact on the Company's financial results.

Notes *(continued)*

Standards, amendments and interpretations issued but not yet effective and not adopted early
- IAS 1 - Presentation of Financial Statements (revised) (effective 1 January 2009)
- IAS 23 (Amendment) - Borrowing costs (effective 1 January 2009)
-IFRS 8 - Operating Segments (effective 1 January 2009)

These new standards, amendments and interpretations are either not relevant to the Company or are not expected to have a material impact on the Company's financial statements in the year in which they are first adopted

Overseas company
The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to overseas companies

Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances The financial statements do not contain any significant areas involving estimates or judgements

Foreign currency translation
Items included in the financial statements, are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') The financial statements are presented in Sterling, which is the Company's functional and presentation currency There are no non-Sterling transactions which affect the financial statements

Interest income and expense
Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value, are recognised as interest income and interest expense in the income statement using the effective interest method

The effective interest method calculates the amortised cost of a financial asset or a financial liability and allocates the interest income or interest expense over the relevant period The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less

Debenture stock issued
Issued debenture stock is carried at its par value on the balance sheet as a current liability

Share capital
Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets, or the entity's own equity

Dividend distribution
Dividend distributions to the Company's shareholders are recognised as liabilities in the year in which the dividends are approved by the Company's Board of Directors

Notes *(continued)*

Deferred income tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired Impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. In the case of securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired

If an impairment loss has occurred on available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement If there is objective evidence that an impairment loss has been incurred on any other type of financial asset, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract As a practical expedient, the Company will measure impairment on the basis of an instrument's fair value using an observable market price, where available

Capital management

The Company regards its net assets as its capital The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern, and to manage its market risk, interest rate risk and credit risk and its cost of capital To maintain or adjust its capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce its debt To manage its market risk and credit exposure the Company lends only to, and invests in, highly rated counterparties and regularly monitors those credit ratings To manage its interest rate risk the Company loans funds under agreements with short maturity dates or invests in highly liquid investments

The Company does not have any externally imposed capital requirements

Notes *(continued)*

Financial instruments

Classification

The Company classifies its financial assets and financial liabilities in the following categories at fair value through profit and loss, loans and receivables, and available for sale ("AFS") The classification depends on the purpose for which the financial assets were acquired Management determines the classification of its financial assets and financial liabilities at initial recognition and re-evaluates this designation at every reporting date

(a) Financial assets or financial liabilities at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management Derivatives are categorised as 'held for trading' and therefore classified as financial assets at fair value through profit and loss unless they are designated as hedges Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date

Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within 'investment income', in the period in which they arise

(b) Available-for-sale assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories They are included in non-current assets unless management intends to dispose of the investments within 12 months of the balance sheet date

Recognition and derecognition

Purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership Financial liabilities are recognised on the trade date and derecognised when the obligation to pay cash flows have expired or have been transferred

Measurement

Financial assets and financial liabilities are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss Financial assets and financial liabilities carried at fair value through profit or loss, are initially recognised at fair value and transaction costs are expensed in the income statement and subsequently carried at fair value

Available-for-sale financial assets and financial liabilities at fair value through profit or loss are subsequently carried at fair value Movements in fair value, excluding those relating to the effective interest rate which are taken to the income statement, are taken to AFS reserve On the disposal of AFS investments any gain or loss is transferred from the AFS reserve and is recognised in the income statement Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method

Notes *(continued)*

3 Available for sale investments

	2009	2008
	£000	£000
Opening balance	1,020	252,002
Disposal of preference share investment	-	(251,000)
Disposal of UK Gilts	(1,045)	-
Premium amortisation and revaluation of UK Gilts	25	18
Closing balance	-	1,020

All available for sale investments were disposed of in December 2008

4 Loans and receivables

	2009	2008
	£000	£000
Funds lent	-	1,008
Interest receivable on funds lent	-	2
Dividends and coupons receivable	-	15
	-	1,025

Funds lent relate to short term loans to Swiss Re Group companies

5 Current liabilities

	2009	2008
	£000	£000
Tax payable	-	(10)
Trade payables	-	(27)
	-	(37)

The Debenture Stock was redeemed by giving notice in accordance with the Debenture Stock Instrument Schedule

Notes *(continued)*

6 Equity share capital

	2009 £000	2008 £000
Authorised		
4,000,000 ordinary shares of £1 each	**4,000**	4,000
Allotted, called up and fully paid		
1 (2008 2,000,000) ordinary shares of £1 each	-	2,000

Each ordinary share carries one vote which may be exercised at general meetings of the Company

7 Available for sale reserve

	2009 £000	2008 £000
Opening balance	**13**	2
Mark to market movements	**54**	15
Realisation of available for sale investments	**(67)**	-
Tax on mark to market movements	-	(4)
Closing balance	-	13

Mark to market adjustments made in respect of available for sale investments are included as a movement in equity, and do not affect the profit or loss for the year

Notes *(continued)*

8 Dividends

Amounts paid in respect of ordinary dividends amounted to £46,000 (2008 £40,000) No dividends were declared but unpaid at the current or previous year end The ordinary shareholder received 2 31 pence per share (2008 2 pence per share) in respect of its shareholding

9 Investment income

	2009 £000	2008 £000
Preference dividends receivable	-	6,097
UK Gilts - coupons receivable	63	48
Accretion of UK Gilt discount	-	3
Interest receivable	13	30
	76	6,178

10 Interest expense

	2009 £000	2008 £000
Interest payable on Debenture Stock issued	-	(5,750)
Interest payable	-	(370)
	-	(6,120)

11 Administrative expenses

	2009 £000	2008 £000
Service fees	(5)	(19)
Management and cost bearing agreement	(26)	-
Audit fees	(3)	(11)
Legal fees	(1)	(6)
Bank charges	-	(1)
	(35)	(37)

Service fees represent charges made by Swiss Re Services Limited ("SRSL") in relation to finance, operational, legal, infrastructure, advisory and other services provided to the Company to Swiss Re Group companies In December 2008 the Company entered into an arrangement with its immediate parent company, Ampersand Investments (UK) Limited ("Ampersand"), whereby Ampersand will bear all future costs, receive all future revenues, and act as agent of the Company until such time as it is wound up

Notes *(continued)*

12 Employees

The Company had no employees during the year, all services being provided by Swiss Re Services Limited, a Swiss Re Group company

13 Directors' emoluments

The Directors received no remuneration in respect of their services to the Company in the current or previous year

14 Taxation

Analysis of charge in year	2009 £000	2008 £000
Current tax	(5)	-
Income tax (credit) / expense	(5)	-

The tax charge for the year is lower than the standard rate of corporation tax in the UK The differences are explained below

Factors affecting the tax charge for the year	£000	£000
Profit before income tax	41	21
Profit before income tax multiplied by the weighted average standard rate of corporation tax in the UK of 28% (2008 29%)	11	6
Effects of		
Non-taxable dividends receivable	-	(1,768)
Non-deductible interest expense	-	1,668
Adjustments in respect of prior periods	(5)	-
Utilisation of losses brought forward	(11)	-
Losses not utilised	-	94
	(5)	-

The change in the statutory rate of corporation tax to 28% on 1 April 2008 has arisen as a result of a change in legislation

Notes *(continued)*

15 Cash generated from operating activities

	2009 £000	2008 £000
Profit before income tax	**41**	21
<u>Changes in working capital</u>		
Interest and coupon income	15	292
Interest accrued on Debenture Stock issued	-	(323)
Trade and other payables	(27)	10
Accretion of UK Gilt discount	-	(3)
Loans and receivables	1,010	(1,010)
Cash generated from operations	**1,039**	(1,013)

16 Financial instruments

(a) Financial risk management

The Company's activities formerly potentially exposed it to a variety of financial risks market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk At the balance sheet date the Company had no assets or liabilities, and had entered into an agreement ("the Agreement") whereby Ampersand will bear all future costs, receive all future revenues, and act as agent of the Company until such time as it is wound up It does not therefore have any residual risk exposure at the balance sheet date

Fair value estimation

(b) Fair value of financial assets and financial liabilities

The Company has significant loans and receivables All counterparties are financial institutions which have high credit ratings The maturities of all of these investments are all short term The carrying value of the Company's financial assets approximates their fair value

(c) Capital management

The Company regularly assess its financial resources, including capital resources and liquidity to ensure that they are adequate in both amount and quality, so that there is no significant risk that its liabilities cannot be met as they fall due

17 Commitments and contingencies

There are no commitments or contingencies at the balance sheet date

Notes *(continued)*

18 Related parties

Ampersand, a wholly owned subsidiary of Swiss Re Specialised Investments Holdings (UK) Limited ("SRSIH"), itself a wholly owned subsidiary of Swiss Reinsurance Company ("Swiss Re"), holds all of the ordinary shares in the Company, appoints the Board of Directors and, through the Board, directs the financial and operating policies of the Company with a view to gaining economic benefit from its activities As such, Ampersand and other members of the Swiss Re Group, including Swiss Re International Treasury (Ireland) Limited ("SRITL"), Swiss Re Financial Products Corporation ("SRFPC") and Kilgallon Finance Limited ("Kilgallon"), are considered related parties of the Company

Prior to April 2008, Yorkshire Bank Investments Limited ("YBIL"), a wholly owned subsidiary of National Australia Group Europe (UK Group) ("NAB UK Group"), owned all of the Debenture Stock issued by the Company As a consequence of this, both are considered to be related parties of the Company Furthermore, in accordance with the provisions of IAS 27 and SIC 12, the Company falls to be consolidated with the National Australia Bank Group ("NAB Group")

Pursuant to and for the purposes of IAS 24 Related Party Disclosures, the NAB Group and other members of the NAB Group are considered to be related parties in relation to the Company

Transactions with related parties

Ampersand
Ordinary dividends paid to Ampersand in the year amounted to £46,000 (2008 £40,000) The Company lent funds to Ampersand during the year which were repaid on 17 December 2008 Interest receivable on funds lent to Ampersand during the year amounted to £13,000 The Company's £251,000,000 investment in Kilgallon preference shares was sold to Ampersand in April 2008 These preference shares were repurchased by the Company in December 2008

SRFPC
The Company stock lent its UK Gilt investment to SRFPC throughout the previous year and current year until it was sold in December 2008

Kilgallon
Dividends receivable on the Company's investment in preference shares issued by Kilgallon amounted to £nil (2008 £6,097,000) The preference share investment was sold during the year

YBIL
Interest payable to YBIL on Debenture Stock amounted to £nil (2008 £5,750,000) in the year No amounts (2008 £nil) were outstanding at the year end

Notes *(continued)*

19 Ultimate parent undertaking

Since April 2008 the company regarded by the Directors as the ultimate parent company is Swiss Reinsurance Company ("Swiss Re"), a company incorporated in Zurich In consequence of the application of IAS 27 and SIC 12, and with regards to the substantive economic effect of the contractual arrangements in place, the Company is now considered to be controlled by Swiss Re

The smallest and largest group in which the results of the Company are consolidated is that headed by Swiss Re. The consolidated financial statements of the Swiss Re Group are available to the public and may be obtained from 30 St Mary Axe, London, EC3A 8EP

The company formerly regarded by the Directors as the ultimate parent company is National Australia Bank Limited ("NAB"), a company incorporated in the State of Victoria, Australia In consequence of the application of IAS 27 and SIC 12, and with regards to the substantive economic effect of the contractual arrangements in place, the Company was considered to be controlled by the NAB Group Financial statements of NAB can be obtained by writing to National Australia Bank Limited (London Branch), 88 Wood Street, London EC2V 7QQ

The smallest group in which the results of the Company were formerly consolidated was that headed by Clydesdale Bank plc ("Clydesdale") which was incorporated in Great Britain and registered in England and Wales. Financial statements of Clydesdale can be obtained by writing to the Corporate Affairs Department, 20 Merrion Way, Leeds, LS2 8NZ