

COMPANY REGISTRATION NO 4282996

HIGHWAY CORPORATE CAPITAL LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2010



HIGHWAY CORPORATE CAPITAL LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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HIGHWAY CORPORATE CAPITAL LIMITED

DIRECTORS, OFFICERS AND REGISTERED OFFICE

Directors

S V Castle
J B O'Roarke

Secretary

P B Cassidy

Registered office

County Gates
Bournemouth
BH1 2NF

Tel 01202 292333
Fax 01202 751825

Independent auditor

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
31 Great George Street
Bristol
BS1 5QD

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for Highway Corporate Capital Limited (the 'Company') the year to 31 December 2010

1. Results and dividends

The loss on ordinary activities for the year after taxation was £146,000 (2009 £8,000) The Directors did not approve or paid any dividends in the current year (2009 £nil)

2. Principal activities

The Company formerly acted as a Corporate Name at Lloyd's and had an overall premium limit of £52.1m for the 2002 year account. The Company provided funds for Motor Syndicate 2037 which wrote parallel to Syndicate 37. Syndicates 2037 and 37 were managed by a fellow group subsidiary undertaking.

The Company is not underwriting on the 2010 year of account (2009 £nil)

3. Review and developments

(a) Results and performance

The Company does not trade and does not have any performance objectives. The Board do not consider it appropriate to report on key performance indicators.

During the year the Company waived the intercompany balance of £146,000 owing from Highway Insurance Group Plc, a fellow group company.

(b) Principal risks and uncertainties

Given the nature of the operations the directors do not consider there are any significant risks and uncertainties facing the Company.

(c) Future developments

The Directors consider that the Company is now dormant and do not expect any change in this status in the future.

4. Directors and their interests

The present members of the Board and the members who served during the year are listed on page 2.

5. Basis of preparation

The financial statements for the Company are presented using International Financial Reporting Standards as adopted in the European Union. As the Company has ceased participation in Lloyd's syndicates and the intention of Management is not to recommence any such activity, or any other trading activity, in the foreseeable future, the financial statements have not been prepared on a going concern basis.

6. Parent company

The Company is a wholly owned subsidiary of Liverpool Victoria General Insurance Group Limited (2009 Highway Insurance Group Plc). The ultimate parent company is Liverpool Victoria Friendly Society Limited, an incorporated Friendly Society registered under the Friendly Societies Act 1992.

7. Employees

The Company did not directly employ any staff, instead it utilised the staff and premises of LVFS in carrying out its activities in 2010.

8. Charitable and political donations

No charitable or political donations have been made during 2010 (2009 £nil)

DIRECTORS' REPORT

9. Disclosure of information to the auditor

Each Director at the date of this report confirms that

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

10. Statement of directors' responsibilities

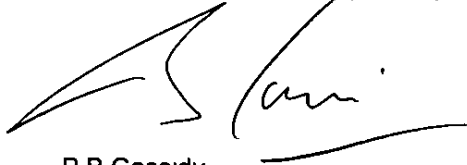
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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 International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRS) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on a 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 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.

APPROVED BY THE BOARD OF DIRECTORS AND SIGNED BY ORDER OF THE BOARD



P B Cassidy
Secretary
2 February 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHWAY CORPORATE CAPITAL LIMITED

We have audited the financial statements of Highway Corporate Capital Limited for the year ended 31 December 2010 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement 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 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

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.

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 IFRSs as adopted by the European Union, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HIGHWAY CORPORATE CAPITAL LIMITED**

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



Claire Stockhausen (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
31 Great George Street
Bristol
BS1 5QD

2/2/11

HIGHWAY CORPORATE CAPITAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER 2010

	Note	2010 £000	2009 £000
Other operating and administrative expenses	4	(146)	-
Loss before tax		(146)	-
Income tax expense	6	-	(8)
Loss for the year		(146)	(8)
Total comprehensive loss for the year		(146)	(8)

All balances relate to continuing business

The note on pages 10 to 16 are an integral part of the financial statements

HIGHWAY CORPORATE CAPITAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Attributable to equity holders of the Company		
	Share capital	Accumulated losses	Total
	£000	£000	£000
Balance at 1 January 2010	1	145	146
Loss for the year	-	(146)	(146)
Balance at 31 December 2010	1	(1)	-

	Share capital	Retained earnings	Total
	£000	£000	£000
Balance at 1 January 2009	1	153	154
Loss for the year	-	(8)	(8)
Balance at 31 December 2009	1	145	146

The note on pages 10 to 16 are an integral part of the financial statements

HIGHWAY CORPORATE CAPITAL LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Note	2010 £000	2009 £000
Assets			
Trade and other receivables	7	-	146
Total assets		-	146
Equity			
Share capital	9	1	1
(Accumulated losses)/retained earnings	10	(1)	145
Total equity		-	146
Total liabilities and equity		-	146

The note on pages 10 to 16 are an integral part of the financial statements

These financial statements were approved by the Board of Directors on 2 February 2011

Signed on behalf of the Board of Directors


S V Castle

HIGHWAY CORPORATE CAPITAL LIMITED

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

1. General Information

Highway Corporate Capital Limited is registered as a Corporate Name at Lloyd's, but is now dormant. The Company is limited by shares, domiciled and incorporated in United Kingdom.

2. Accounting policies

BASIS OF PRESENTATION

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as endorsed by the European Union ('EU') and the International Financial Reporting Interpretations Committee ('IFRIC') and also with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

As the Company has ceased participation in Lloyd's syndicates and the intention of Management is not to recommence any such activity, or any other trading activity, in the foreseeable future, the financial statements have not been prepared on a going concern basis. However, at the 31 December 2010, all remaining assets are either fully recoverable or supported by the ultimate parent Company and therefore there has been no impact of this change on the valuation of the Company's statement of financial position. Consequently the accounting policies listed below remain relevant. This change is purely presentational to meet the requirements of IAS 1 and does not represent any uncertainty in the Company's ability to meet its remaining obligations as they fall due.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Company has not used any significant estimates or judgements in preparing the financial statements in conformity with IFRS. The principal accounting policies adopted are listed below. These policies have been consistently applied to all years presented, unless otherwise stated.

Income taxes

The income tax expense reflects the movement in current and deferred income tax in respect of income, gains, losses and expenses.

- Current income tax

Current income tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

- Deferred tax

Deferred income tax is recognised, 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, if the deferred income tax 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, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position 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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

HIGHWAY CORPORATE CAPITAL LIMITED

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

Trade and other receivables

Trade and other receivables are recognised when due and comprise amounts due to the Company from group undertakings and other receivables. Where there is objective evidence that the carrying value is impaired then the impairment loss will be recognised in the statement of comprehensive income. Trade and other receivables are initially recognised at fair value and then subsequently held at amortised cost.

HIGHWAY CORPORATE CAPITAL LIMITED

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

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets

CHANGES IN ACCOUNTING POLICIES

(i) Standards, amendments to published standards and interpretations effective on or after 1 January 2010

In 2010 there are no standards, amendments to published standards and interpretations relevant to the Company's operations

(ii) Standards, amendments to published standards and interpretations early adopted by the Company

In 2010, the Company did not early adopt any new, revised or amended standards

(iii) Standards and interpretations effective in 2010 but not relevant to the Company's operations

IFRS 3 (revised), 'Business combinations'
IAS 27, 'Consolidated and separate financial statements'
IFRIC 17, 'Distribution of non-cash assets to owners'
IFRIC 18, 'Transfers of assets from customers'
IFRIC 9 & IAS 39, 'Reassessment of embedded derivatives'
IFRIC 16, 'Hedges of a net investment in a foreign operation'
IAS 1 'Presentation of financial statements'
IFRS 2 'Group cash-settled share-based payment transactions'
IFRS 5 'Non-current assets held for sale and discontinued operations'
IAS 36 (amendment), 'Impairment of assets'

(iv) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2011 or later periods, but the Company has not early adopted them:

IFRS 9, 'Financial instruments'
Revised IAS 24 (revised), 'Related party disclosures'
'Classification of rights issues' (amendment to IAS 32)
IFRIC 19, 'Extinguishing financial liabilities with equity instruments'
'Prepayments of a minimum funding requirement' (amendments to IFRIC 14)

HIGHWAY CORPORATE CAPITAL LIMITED

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

3. Capital management

The Company maintains an efficient capital structure from a combination of equity and borrowings, consistent with the Company's risk profile

The Company retains capital to meet three key objectives

- (i) To ensure financial stability,
- (ii) To enable the Company's strategy to be developed, and
- (iii) To give confidence to consumers and other stakeholders who have relationships with the Company

At least annually, these objectives are reviewed and benchmarks are set by which to judge the adequacy of the Company's capital. The capital position is monitored against those benchmarks to ensure that sufficient capital is available to the Company. In the event that sufficient capital is not available, plans would be developed either to raise additional capital through, for example, subordinated loans, or to reduce the quantum of risk accepted thereby reducing the capital requirement through, for example, reinsurance or a change in investment strategy. If it becomes apparent that excess capital is available to the Company above its potential needs, plans would be developed to return such excess to shareholders.

The Company had capital available of £nil (2009: £146,000), being net assets available to the Company.

HIGHWAY CORPORATE CAPITAL LIMITED

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

4 Other operating and administrative expenses

	2010 £000	2009 £000
Intercompany balance waiver	146	-
	146	-

The above amount represents a waived intercompany debt of £146,000 due from Highway Insurance Group Plc

In 2010 the auditor's remuneration was borne by Liverpool Victoria Friendly Society Limited (2009 Highway Insurance Group Plc)

5. Directors' emoluments

The emoluments of the Directors are paid by the ultimate parent company which makes no recharge to the Company. The Directors are also Directors of Liverpool Victoria General Insurance Group Limited (and a number of fellow subsidiaries) and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments. Total emoluments for the relevant Directors are included in the aggregate of Directors' emoluments disclosed in the financial statements of Liverpool Victoria General Insurance Group Limited.

6. Income tax expense

a) Current year tax expense

	2010 £000	2009 £000
Current tax expense:		
Current year charge	-	-
Prior year adjustment	-	(8)
Total current tax	-	(8)
Deferred tax credit		
Current year credit	-	-
Total income tax expense	-	(8)

b) Reconciliation of tax expense

Loss before tax	(146)	-
Loss manipulated by standard rate of corporation tax in the UK of 28% (2009 28%)	41	-
Non-taxable expenses relating to intragroup balances	(41)	-
Adjustment in respect of prior years	-	(8)
Total tax expense for the year	-	(8)

HIGHWAY CORPORATE CAPITAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010****7. Trade and other receivables**

	2010	2009
	£000	£000
Amounts due from group undertakings	-	146
	-	146

All trade and other receivables are available within one year

8. Current tax liability

	2010	2009
	£000	£000
Balance at 1 January	-	68
Amounts recorded in the income statement	-	8
Tax paid	-	(76)
Balance at 31 December	-	-

9. Share capital

	2010	2009
	£000	£000
Authorised		
1,000 (2009 1,000) ordinary shares of £1 each	1	1
Allotted and fully paid		
1,000 (2009 1,000) ordinary shares of £1 each	1	1

10 (Accumulated losses)/retained earnings

	2010	2009
	£000	£000
Balance at 1 January	145	153
Loss for the year	(146)	(8)
Balance at 31 December	(1)	145

11. Statement of cashflows

The Company has not prepared a statement of cashflows in accordance with IAS 7 as it does not hold any cash or bank accounts. All of the Company's liabilities are met by Liverpool Victoria Friendly Society Limited by means of intercompany settlements.

HIGHWAY CORPORATE CAPITAL LIMITED

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

12. Related party transactions

The Company did not enter into transactions with key management personnel. All transactions are carried out on an arm's length basis. Details of significant transactions carried out during the year with related parties are as follows:

The following transactions have taken place between the Company and Highway Insurance Group Plc:

	2010 £000	2009 £000
Intercompany balance waiver	146	-
	146	-

Balances outstanding between the Company and LVFS:

	2010 £000	2009 £000
Receivable by the Company	-	146
Payable by the Company	-	-
	-	146

13. Ultimate parent company

The ultimate parent company is Liverpool Victoria Friendly Society Limited, a UK incorporated Friendly Society registered under the Friendly Societies Act 1992.

The immediate parent company is Liverpool Victoria General Insurance Group Limited, a limited liability company, incorporated in the UK. Both the ultimate and immediate parent companies are registered at the below address:

The largest and smallest company whose financial statements this company is consolidated into is Liverpool Victoria Friendly Society Limited. The consolidated financial statements of Liverpool Victoria Friendly Society Limited are available to the public and may be obtained from:

The Company Secretary
County Gates
Bournemouth
BH1 2NF

or at www.lv.com/aboutus/report