

JUBILEE MANAGING AGENCY LIMITED

(Registered Number 4434499)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2006



JUBILEE MANAGING AGENCY LIMITED

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JUBILEE MANAGING AGENCY LIMITED

DIRECTORS AND ADVISERS

Registered Office	Sidcup House 12-18 Station Road Sidcup, Kent DA15 7EX
Company Registration No.	4434499
FSA Firm Registration No	226696
Lloyd's Registration No	2073D
Directors	<div><div>I C Agnew T T M Agnew D J Barrett S J Dalton T W Farrell B J Jackson A P D Lancaster K J Lewis R J G Lowe J P Marland J M Nicholson R W O'Brien J S Wilkinson</div><div> (Resigned 24 May 2006) (Appointed 23 August 2006) (Appointed 24 May 2006) (Resigned 31 December 2006)</div></div>
Company Secretary	Pauline Cockburn
Bankers	HSBC 95 Gracechurch Street London EC3V 0DQ
Auditors	CLB Littlejohn Frazer Chartered Accountants and Registered Auditors 1 Park Place Canary Wharf London E14 4HJ

JUBILEE MANAGING AGENCY LIMITED

DIRECTORS' REPORT

31 December 2006

The Directors present their annual report and audited financial statements for the year ended 31 December 2006

Principal Activities

The Company's principal activity continues to be that of an approved Lloyd's Managing Agent. The Company manages the activities of Syndicates 1231, 5820 and 779. The Company incurs and recharges at cost various expenses on behalf of the managed syndicates and other Group companies. The Company also holds and deposits cash on behalf of various Group companies in order to maximise the return but only retains the share of investment income relating to the Company's own funds.

The Company will continue this activity while actively seeking new opportunities for expansion and growth.

Results and Dividends

The results of the Company for the year are set out in the profit and loss account on page 11. The profit after taxation for the year was £400k (2005: £585k).

A dividend of £117k relating to 2005 was paid during the year.

Significant Events

On 8 November 2006, the Company entered into a loan agreement with Cassidy Davis Underwriting Agency Limited, a Jubilee Group company. Under the terms of the agreement, the Company loaned £60k on an interest bearing basis to Cassidy Davis Underwriting Agency Limited. This loan has been repaid after the year end.

Business Review and Future Developments

Results Analysis

During 2006 the Company focused on the integration of the Cassidy Davis acquisitions (Syndicates 779 and 5820) made in March 2005 and the maintenance of tight underwriting disciplines.

The Company's key financial performance indicators during the year were as follows:

Financial

	2006 £000	2005 £000
Profit on Ordinary Activities before Taxation	579	724
Turnover	1,155	1,248
Net assets	1,212	929
Investment return%	4.56%	4.57%
Managed capacity	137,000	125,000

Non-Financial

Staff - The Company employs and manages the Syndicate staff. The Company considers its staff to be a key resource and seeks to provide a good working environment for its staff that is safe and complies with appropriate legislation. During the year, there has been no significant injury to staff in the workplace or any significant actions taken by any regulatory bodies with regard to staff matters. The provision of a good working environment is considered to be demonstrated by employee retention of over 82% of the employees in place at 1 January 2006.

JUBILEE MANAGING AGENCY LIMITED

DIRECTORS' REPORT (continued) 31 December 2006

Financial

Turnover - The company received managing agency fees from the three syndicates it manages based upon the capacity of each of the syndicates

In addition the company also receives profit commission from the syndicate. These were 32% lower than 2005 due to a catch-up for the 2002 year of account commission on \$779 being accounted for in 2005. Excluding this there was an underlying increase in profit commission of 117%.

Expenses - Expenses increased by 22% during the year reflecting the costs of integrating the Cassidy Davis acquisition into the group.

Future Opportunities

The Company continues to seek opportunities that will increase the business, either through growth of the syndicates or the addition of a further syndicate.

Directors and Directors' Interests

The Directors who held office during the year are shown on page 2.

None of the Directors who held office during the year held any beneficial interest in the share capital of the Company.

Under the provisions of the Company (Disclosure of Directors' Interests) (Exceptions) Regulations 1985, I C Agnew, T T M Agnew, A P D Lancaster, R J G Lowe and J P Marland are exempt from disclosing any interests in the shares of the ultimate parent company, Appleclaim Limited. Their interests are disclosed in the Directors' Report of that company.

No other Directors have an interest in Appleclaim Limited except as follows -

	Number of Ordinary B Shares of £1 each held at		Options over Ordinary B shares of £ 1 each held at	
	1 January 2006	31 December 2006	1 January 2006	31 December 2006
D J Barrett	-	-	3,500	3,500
B J Jackson	-	-	-	10,000
J M Nicholson	-	-	-	5,250
J S Wilkinson	12,000	12,000	40,000	40,000

Creditor payment policy

The Company's policy on the payment of creditors is to abide by London insurance market practices, including those of Lloyd's and settlement terms agreed with other suppliers.

JUBILEE MANAGING AGENCY LIMITED

DIRECTORS' REPORT (continued)

31 December 2006

Corporate Governance

The Board comprises six Executive Directors and six Non-Executive Directors and meets at least six times a year. The Company's Board has established a practical governance framework which includes delegation of authority to a number of Committees. All of the Committees comprise appropriately qualified and experienced members, and operate under formal terms of reference, with reporting requirements to the Board.

Syndicate Monitoring Committee - the Committee is responsible for reviewing syndicate management and performance, this includes reviewing results and forecasts against agreed business plans and budgets.

Executive Committee - the Committee is responsible for overseeing the day to day management of the syndicates and service companies. This includes business plan review and management of operational risk, underwriting, IT, Human Resources, Finance, Claims, Reinsurance, Marketing, and Compliance issues affecting the performance of the business.

Audit Committee - the Committee is responsible for the monitoring and review of the Company's financial reporting and internal control policies. The Committee provides assurance that an appropriate control framework exists to mitigate business risk. The Committee is chaired by a Non-Executive Director.

Reinsurance Committee - the Committee is responsible for reinsurance strategy and monitoring the security of reinsurers on all types of outwards reinsurance. The objective of the Committee is to analyse the quality of the syndicates' reinsurers and approve acceptable levels of security. The Committee is chaired by a Non-Executive Director.

Risk Committee - the Committee is responsible for ensuring that all risks to the Company's objectives are identified, assessed, monitored and controlled in accordance with the Company's risk appetite.

Investment Committee - the Committee is responsible for the management of the Company and Syndicate investment strategy, investment risk and performance of fund managers.

Regulatory Returns Committee - the Committee is responsible for the consideration and review of all Lloyd's and Financial Services Authority syndicate returns that require Managing Agency approval and authorisation.

Broker Assessment and Credit Control Committee - the Committee is responsible for monitoring credit risk, premium payment performance and undertaking a credit rating analysis on new trading partners.

Risk Management

The Company's activities expose the business to a number of key risks which have the potential to affect the Company's ability to achieve its business objectives. The Board is responsible for ensuring that an appropriate structure for managing these risks is maintained. The Board acknowledges that it is not possible to eliminate risk entirely, and seeks to ensure that the appropriate controls are in place to effectively manage risks in line with the Company's risk appetite.

The Company continues to develop its risk management capability to ensure that an effective framework exists to support the management of all types of risk.

The Board sets risk appetite annually as part of the Syndicate business planning and Individual Capital Assessment process. The Company has established a Risk Committee which meets quarterly to review and update the risk register for each managed Syndicate and to monitor performance against risk appetite using a series of risk indicators. The principal risks and uncertainties facing the Company as Managing Agent and the Syndicates are outlined accordingly to the key risk groups identified, as follows -

JUBILEE MANAGING AGENCY LIMITED

DIRECTORS' REPORT (continued)

31 December 2006

Managing Agent

As a Managing Agent at Lloyd's the majority of the risks to the Company's future cash flows arise from its income arising from the management of Lloyd's syndicates. As detailed below, these risks are mostly managed by this Company in its role of managing the syndicate. The risks to this Company are to the level of fees and profit commissions receivable from managed syndicates, which will be largely governed by the future size and profitability of the syndicates. If the results of the syndicates are not considered adequate by the members of the syndicates support may be reduced along with potential income to this agent. Any losses suffered by the syndicates will potentially reduce the capital available to support the syndicates in future years. In such circumstances to avoid a reduction in capacity managed the Managing Agent is dependant upon the existing members finding additional capital or attracting new members to the syndicate. If significant losses are made by a syndicate this Company may be at risk of litigation if capital providers to the syndicate or other third parties consider they have suffered a loss due to inadequate management of the syndicate.

Investment and currency risks - The other significant risks faced by the company are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, liquidity risk, currency risk and interest rate risk. To mitigate this the investment of surplus syndicate funds is managed by external investment managers. The Investment Committee monitors the performance of the external investment managers on a regular basis and periodically agrees with them the investment strategy to be adopted to mitigate risks of interest rate fluctuation and credit risks and to provide appropriate liquidity. In order to minimise investment, credit and liquidity risk the Company's funds are invested in highly rated and readily realisable investments. The investment managers are advised to monitor the economic situation and to anticipate future interest rate movements in order manage investment values and returns and mitigate interest rate risks. The Company investments are held mainly in Sterling as most expenses likely to be incurred by the company are also in Sterling as is the company's financial reporting.

Regulatory and operational risks - The Company's approval to be a Managing Agent of Lloyd's syndicates is subject to continuing approval by Lloyd's and the Financial Services Authority. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to a Lloyd's Managing Agent and the operation of its managed syndicates. In addition, as a Managing Agent, Lloyd's require a minimum level of available funds to be maintained by the Company. The risk of failing to meet this requirement is mitigated by monitoring the level of assets held and ensuring a reasonable margin in excess of requirements is maintained. If necessary, there are surplus funds held elsewhere in the Group that can be made available to assist the Company's solvency position.

The capital requirements to support the proposed amount of syndicate capacity for future years are subject to the requirements of Lloyd's. A variety of factors are taken into account by Lloyd's in setting these requirements including market conditions and syndicate performance and although the process is intended to be fair and reasonable the requirements can fluctuate from one year to the next, which may constrain the volume of underwriting the syndicate is allowed to undertake in future years.

As there are a relatively few transactions actually undertaken by the Company there are only limited systems and staffing requirements of the Company, compared to the syndicates and therefore operational risks are not considered to be significant for the Company. Close involvement of all Directors in the syndicates' key decision making and the fact that the majority of the Company's operations are conducted by syndicates, provides control over any remaining operational risks.

Group Risk - Risks arising in other parts of the Jubilee Group as well as those arising from the Company's own activities. The Company's exposure to Group risk is minimal. This risk is monitored and controlled by the Company and by its holding company, Appleclaim Limited, which owns the in-house corporate members. A minority shareholder of the Group holding company, Guardian, has a presence on various Group Boards. Regular reporting and communication exists between Guardian and the Jubilee Group.

JUBILEE MANAGING AGENCY LIMITED

DIRECTORS' REPORT (continued)

31 December 2006

Syndicate risks

Insurance Risk This includes the risks that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently provide to be insufficient (reserving risk). The Board manages insurance risk by agreeing its appetite for these risks annually through the business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business. The Board then monitors performance against business plan monthly through the year. Reserve adequacy is monitored by the Syndicate's appointed actuary.

Credit Risk In addition to the insurance terms of trade offered as part of normal business operation, the syndicates are exposed to a certain amount of unplanned credit risk. This can result through the inability or slow payment by any of the syndicates' counterparties. Key aspects of credit risk are default of a reinsurer and certain financial instruments within the investment portfolio that include an element of credit exposure to the issuers of the security. The syndicates seek to limit exposure by placing reinsurance programmes with businesses rated A or higher and through detailed investment guidelines.

Market Risk Syndicate exposure to financial market risk arises from the investments decisions made in relation to the syndicate funds. Syndicate exposure to foreign exchange movements is minimal. Exposure to market risk is managed through the Investment Committee.

Liquidity Risk This is the risk that a syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. To mitigate this risk cash flow is monitored monthly by the Syndicate Monitoring Committee. The Company seeks to maintain a strong liquidity position by holding its assets predominantly in cash equivalent funds.

Operational Risks This is the risk that errors caused by people, processes or systems lead to losses to the Syndicate. The Managing Agency seeks to manage this risk through

- policies, controls and procedures manuals, which are reviewed and updated regularly
- regular review by the Risk Committee of changes in the major risks facing the syndicates
- limits of authority granted to employees
- experienced personnel
- the internal audit function, which reports on the effectiveness of operational controls
- the Audit Committee which reviews the major findings from both operational and external audit
- staff training assessments and plans

Solvency Risk – In the event of extreme adverse claims experience, it is possible that a syndicate may not be able to settle its claim liabilities out of its own funds. In that event, the capital structure underpinning the syndicate is such that any deficits can be called from the syndicate capital providers in accordance with Lloyd's rules. In the event of any member being unable to fulfill its share of such a call, Lloyd's Central Guarantee Fund may, at Lloyd's discretion, be applied to make good any deficits for the benefit of policyholders. The Managing Agency monitors solvency requirements to ensure the Syndicate maintains the minimum or above.

Regulatory Risk - The Managing Agency is required to comply with the requirements of the Financial Services Authority, Lloyd's and overseas authorities. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Managing Agency has a Compliance Officer who monitors developments and assesses the impact on Managing Agency objectives and policies.

Business Strategy Risk – The risk of loss arising from syndicate market position, strategic direction and commercial interests. Market position and strategic direction are reviewed at least annually as part of the business planning process. The Syndicate Monitoring Committee monitors performance and market position. The Board meets at least six times a year to review results and opportunities.

JUBILEE MANAGING AGENCY LIMITED

DIRECTORS' REPORT (continued)
31 December 2006

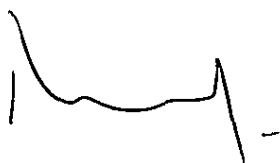
Disclosure of Information to Auditors

So far as each person who was a Director of the Company at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with its report, of which the auditor is unaware. Having made enquiries of fellow Directors of the Company and the Syndicate's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the company in general meeting and the appointment of auditors annually are currently in force. The auditors, CLB Littlejohn Frazer, will therefore be deemed to have been reappointed at the end of 28 days beginning with the day on which copies of this report and accounts are sent to members, unless a resolution is passed under Section 393 of the Companies Act 1985 to the effect that their appointment is brought to an end.

Approved by the Directors and signed on behalf of the Board



T M Agnew
Director
25 May 2007

JUBILEE MANAGING AGENCY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law required the Directors to prepare Financial Statements to each financial year which 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 year. In preparing those Financial Statements the Directors are required to

- Select suitable Accounting Policies and then apply them consistently,
- Make judgments and estimates that are reasonable and prudent,
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements, and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for maintaining 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 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. The Directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates have been used in the preparation of the Financial Statements and that applicable Accounting Standards have been followed.

JUBILEE MANAGING AGENCY LIMITED

REPORT OF THE AUDITORS

Independent Auditors' report to the shareholders of Jubilee Managing Agency Limited

We have audited the Financial Statements of Jubilee Managing Agency Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies, and the related notes 1 to 17. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for the preparing 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).

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.

In addition we report to you if, in our opinion, 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 2006 and of its profit for the year then ended
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the Financial Statements

CLB 
CLB Littlejohn Frazer

Chartered Accountants
and Registered Auditors
25 May 2007

1 Park Place
Canary Wharf
London E14 4HJ

JUBILEE MANAGING AGENCY LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2006

	Note	2006 £000	2005 £000
Turnover	1	1,155	1,248
Operating expenses		(843)	(693)
		<hr/>	<hr/>
Profit on Ordinary Activities before Interest and Taxation		312	555
Interest receivable		267	169
		<hr/>	<hr/>
Profit on Ordinary Activities before Taxation	2	579	724
Taxation	4	(179)	(139)
		<hr/>	<hr/>
Profit on Ordinary Activities after Taxation		400	585
		=====	=====

The Company has no recognised gains or losses other than the profit on ordinary activities after taxation stated above

All amounts above relate to continuing activities

The Accounting Policies and Notes on pages 13 to 20 form part of these Financial Statements

JUBILEE MANAGING AGENCY LIMITED

BALANCE SHEET

As at 31 December 2006

	Note	2006 £000	2005 £000
Intangible Assets			
Rights to act as a Lloyd's Managing Agent	5	142	315
Tangible assets	6	165	720
Investments			
Shares in group undertakings	7	-	-
Current Assets			
Debtors	8	1,440	1,184
Cash at bank and in hand		7,939	8,900
		<u>9,379</u>	<u>10,084</u>
Current Liabilities			
Creditors amounts falling due within one year	9	(8,176)	(9,913)
		<u></u>	<u></u>
Net Current Assets		1,203	171
Total Assets less Current Liabilities		<u>1,510</u>	<u>1,206</u>
Long-Term Liabilities			
Creditors amounts falling due after more than one year	10	(298)	(277)
Net assets		<u>1,212</u> =====	<u>929</u> =====
Capital and Reserves			
Called up Share Capital	11	400	400
Profit and Loss Account	12	812	529
Equity Shareholders' Funds	13	<u>1,212</u> =====	<u>929</u> =====

Approved by the Board on 25 May 2007

T T M Agnew
Director



The Accounting Policies and Notes on pages 13 to 20 form part of these Financial Statements

JUBILEE MANAGING AGENCY LIMITED

ACCOUNTING POLICIES

31 December 2006

Basis of Preparation

The Financial Statements have been prepared under the historical cost convention of accounting and comply with applicable Accounting Standards

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare Group Financial Statements. These Financial Statements present information about the Company as an individual undertaking and not about its Group.

Income Recognition and Deferral

Income is recognised when the contractual right to Managing Agency Fees is established and to the extent that the Company has completed its obligations under agency agreements. In respect of Managing Agency Profit Commission, income is recognised when the contractual right to such commission is established to the extent a reliable estimate can be made of the amounts receivable.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required by FRS 19, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

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.

Tangible Assets

The costs of software systems for use within the group, largely by the Managed Syndicates, have been capitalised. These costs include external software development, licenses and implementation and are depreciated on a straight line basis over an expected useful life of two years.

Intangible Assets

Expenditure incurred in connection with obtaining approval to act as a Managing Agent in respect of particular Syndicates has been treated as an intangible asset.

This expenditure is amortised over three years on a straight line basis, starting with the year in which the Company commenced acting as Managing Agent for that Syndicate. Three years is considered to be the estimated useful economic life of this initial approval as Lloyd's conduct regular reviews and approval is subject to continuing to meet their requirements.

Syndicate Expenses

Certain expenses are incurred on behalf of Managed Syndicates or group companies. The operating expenses of this Company are shown net of any expenses recharged, other than agency fees and profit commissions included within turnover.

JUBILEE MANAGING AGENCY LIMITED

ACCOUNTING POLICIES (continued)

31 December 2006

Cash Flow Statement

The Company is a wholly owned subsidiary of Appleclaim Limited. The Company is included within the Consolidated Financial Statements of Appleclaim Limited which are available from that company's registered office and consequently a cash flow statement is not required under FRS 1.

Pension Costs

Pension obligations are detailed in note 16. Any pension contributions not recharged to Syndicates or group companies are included within operating expenses.

Share-based Payments

The company has applied the requirements of FRS 20 Share-based Payment. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2007.

The company has provided some employees with the ability to purchase Appleclaim Limited's ordinary B shares at £1. The company records an expense, based on its estimate of the discount related to shares expected to vest on a straight-line basis over the vesting period.

JUBILEE MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

1. Turnover

Turnover represents Managing Agency Fees charged to the Managed Syndicates and Profit Commission receivable and is all derived from within the United Kingdom

	2006 £000	2005 £000
Managing agency fees	607	439
Profit commissions	548	809
	<u>1,155</u>	<u>1,248</u>
	=====	=====

2. Profit on Ordinary Activities before Taxation

This is stated after charging

	2006 £000	2005 £000
Fees payable to the Company's auditors for		
- audit of the Company's annual accounts	10	17
- taxation services	5	11
Amortisation of intangible assets	223	190
Depreciation of tangible fixed assets	885	720
Depreciation recharged to managed syndicates or group company	(885)	(720)
	<u>=====</u>	<u>=====</u>

3 Employees

	2006 £000	2005 £000
Staff costs (including Directors)		
Wages and salaries	5,471	5,731
Social security costs	554	605
Pension contributions	402	1,225
Share option costs	40	-
	<u>6,467</u>	<u>7,561</u>
Recharges to other group companies and managed syndicates	(6,203)	(7,274)
	<u>264</u>	<u>287</u>
	=====	=====

	No	No
Average number of employees during the year (including Directors)	191	204
	=====	=====

The Company, in its capacity as a Lloyd's Managing Agent is responsible for employing the staff of each managed syndicate as well as staff for all other group companies. Staff costs incurred by the Company are then recharged as appropriate.

The Company had previously engaged Jubilee Administration Limited, a Group subsidiary, as the employing company for Syndicate staff. In March 2006, the employment contracts of Syndicate employees were transferred from Jubilee Administration Limited to the Company.

JUBILEE MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

3 Employees (continued)

	2006	2005
	£000	£000
Directors Fees	182	250
Pension costs	3	-
Aggregate Emoluments	<u>185</u>	<u>250</u>
	=====	=====

The Directors emoluments are paid to 12 Directors (2005 12) The highest paid director received £35k of the above emoluments charged to this company (2005 £38k)

4 Taxation

	2006	2005
	£000	£000
Current tax		
UK Corporation tax on profits of the year	185	301
Adjustment to prior years tax charge	<u>(102)</u>	<u>(78)</u>
	83	223
Deferred tax		
Originating and reversal of timing differences	96	(84)
Tax charge on ordinary activities	<u>179</u>	<u>139</u>
	=====	=====

Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of Corporation Tax in the UK of 30% (2005 30%)

The differences are explained below

Profit on ordinary activities before tax	579	724
Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 30% (2005 30%)	<u>173</u>	<u>217</u>
Effects of		
Tax losses carried forward	-	(24)
Timing differences on fixed asset depreciation	-	108
Other timing differences	12	-
Adjustment to prior years tax charge	<u>(102)</u>	<u>(78)</u>
Current tax charge for year	<u>83</u>	<u>223</u>
	=====	=====

Deferred tax asset

Asset at 1 January	108	24
Deferred taxation (charge)/credit for the year	<u>(96)</u>	<u>84</u>
Asset at 31 December	<u>12</u>	<u>108</u>
	=====	=====

Full credit has been taken for all timing differences against future profits

JUBILEE MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

5 Intangible assets

Rights to act as a Lloyd's Managing Agent	2006 £000	2005 £000
Cost		
At 1 January	570	195
Additions	50	375
At 31 December	<u>620</u>	<u>570</u>
Amortisation		
At 1 January	255	65
Charge for the year	223	190
At 31 December	<u>478</u>	<u>255</u>
Net Book Value at 1 January	315	130
	=====	=====
Net Book Value at 31 December	<u>142</u>	<u>315</u>
	=====	=====

6 Tangible Fixed Assets

	2006 £000	2005 £000
Computer Systems		
Cost		
At 1 January	1,440	-
Additions	330	1,440
At 31 December	<u>1,770</u>	<u>1,440</u>
Depreciation		
At 1 January	720	-
Charge for the year	885	720
At 31 December	<u>1,605</u>	<u>720</u>
Net Book Value at 1 January	720	-
	=====	=====
Net Book Value at 31 December	<u>165</u>	<u>720</u>
	=====	=====

7 Investment in Subsidiary

Jubilee Managing Agency Limited owns the entire issued share capital of Jubilee Administration Limited which it acquired for a consideration of £100. This company is not active.

8 Debtors	2006 £000	2005 £000
Deferred tax asset (note 4)	12	108
Amounts owed by group undertakings	639	150
Amounts owed by managed syndicates	611	839
Prepayments and accrued income	140	5
Other debtors	38	82
	<u>1,440</u>	<u>1,184</u>
	=====	=====

JUBILEE MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

9 Creditors amounts falling due within one year	2006 £000	2005 £000
Amounts due to parent undertaking	141	-
Amounts due to group undertakings	8	13
Amounts due to managed syndicates	-	823
Loan amounts due to parent undertaking	1,808	4,409
Loan amounts due to group undertakings	1,746	2,659
Accruals and deferred income	4,256	1,312
Taxes and social security	172	143
Corporation Tax	14	223
Other creditors	31	331
	<u>8,176</u>	<u>9,913</u>
	=====	=====

10. Creditors amounts falling due after more than one year	2006 £000	2005 £000
Subordinated loan from ultimate parent company	200	200
Accruals and deferred income	98	77
	<u>298</u>	<u>277</u>
	=====	=====

The subordinated loan from the ultimate parent company is provided to ensure that Jubilee Managing Agency has sufficient funds to meet the solvency requirements of Lloyd's. The loan will remain in effect until acceptable alternative assets are available to the Company to meet the solvency requirements. No interest is payable on the loan.

11. Called-up Share Capital	2006 £	2005 £
Authorised:		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid:		
400,000 Ordinary shares of £1 each	400,000	400,000

12 Profit and Loss Account	2006 £000	2005 £000
At 1 January	529	(56)
Dividend paid	(117)	-
	<u>412</u>	<u>(56)</u>
Profit for the year	400	585
At 31 December	<u>812</u>	<u>529</u>
	=====	=====

JUBILEE MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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13	Reconciliation of Movement in Equity Shareholders' Funds	2006 £000	2005 £000
	Equity Shareholders' Funds at 1 January	929	344
	Profit for the year	400	585
	Dividends paid	(117)	-
	Equity Shareholders' Funds at 31 December	<u>1,212</u> =====	<u>929</u> =====

14 Ultimate Parent Company

The ultimate parent company is Appleclaim Limited, a company incorporated in England and Wales. The consolidated Financial Statements of Appleclaim Limited are available from that company's registered office at Sidcup House, 12-18 Station Road, Sidcup, Dartford, Kent DA15 7EX.

15 Related Parties

The Company has availed itself of the exemptions available under FRS 8 not to disclose transactions which are with entities that are part of the same group of companies. This exemption is available to the Company as consolidated Financial Statements are publicly available for Appleclaim Limited, the ultimate holding company (see note 14).

16 Pension

The Company operates a defined contribution pension scheme for certain employees. The pension entitlement of employees is secured through contributions by the Company to a separately administered pension fund. The funds of the scheme are administered by Trustees and are held separately from the Appleclaim Group. Payments are also made to certain other staff personal pension plans.

The pension contributions payable are in relation to staff employed on behalf of the managed syndicates and group companies for the year. There are no net retained pension costs within this company as they are fully recharged.

At 31 December 2006 the Company owed contributions of £49,000 (2005 £45,000) to these pension schemes which are fully rechargeable to managed syndicates and other group companies.

In addition to the above, with effect from August 2002, the Company assumed responsibility for the pensions of employees who were members of the Lloyd's Superannuation Fund ("LSF"). In January 2003 the scheme was closed to new employees. This was a defined benefits scheme operated on behalf of several employers in the Lloyd's market. Although the fund was separated out into different employers' assets and liabilities, this was only notional and mutuality of the scheme was still legally binding. The Company recharged those pension costs to Syndicate 1231 as they related to staff employed in respect of that Syndicate.

In April 2006, following a period of consultation, the members of the scheme who continued to be Syndicate 1231 employees, transferred their pension arrangements from the LSF to the defined contribution pension scheme described above.

In September 2006, the Company terminated its involvement in the LSF, for a termination fee of £380,000. The termination fee was agreed by the LSF appointed actuary, Watson Wyatt and the termination arrangement was acknowledged by the Pension Regulator. As a result of the termination the Company has no further liability for any part of the scheme, including scheme pensioners.

JUBILEE MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

16 Pension (continued)

In accordance with FRS17 the LSF scheme was considered by the directors to be a multi-employer scheme where it was difficult to identify the Company's share of the assets and liabilities of the scheme on a consistent and reliable basis. As a result of this the scheme is accounted for within this company in a similar manner to a defined contribution scheme, although none of the costs of the scheme are retained by this company.

Following the termination payment in respect of the Company's previous involvement in the LSF scheme, the company has no further involvement in any defined benefits schemes.

17 Operating Leases

Commitments under non-cancellable operating leases were as follows

	Buildings	
	2006 £000	2005 £000
Leases expiring		
Within one year	-	-
Two to five years	109	109
	<hr/>	<hr/>
	109	109
	<hr/>	<hr/>