**Jubilee Managing Agency Limited**

**Directors' Report and Financial Statements**

31 December 2007

Registered Number 4434499

**Jubilee Managing Agency Limited**

## Contents


| | Page |
|---|---|
| Directors and Advisers | 2 |
| Directors' Report | 3 - 9 |
| Statement of Directors' Responsibilities | 10 |
| Report of the Auditors | 11 - 12 |
| Profit and Loss Account | 13 |
| Balance Sheet | 14 |
| Accounting Policies | 15 - 16 |
| Notes to the Financial Statements | 17 - 22 |

**Jubilee Managing Agency Limited**

**Directors and Advisers**

| | | |
|---|---|---|
| **Registered Office** | Sidcup House<br>12-18 Station Road<br>Sidcup<br>Kent<br>DA15 7EX | |
| **Company Registration No.** | 4434499 | |
| **FSA Firm Registration No.** | 226696 | |
| **Lloyd's Registration No.** | 2073D | |
| **Directors** | I C Agnew | |
| | T T M Agnew | |
| | D J Barrett | |
| | S J Dalton | (resigned 31 October 2007) |
| | S Fordham | (appointed 30 May 2007) |
| | B J Jackson | |
| | A P D Lancaster | |
| | K J Lewis | |
| | R J G Lowe | |
| | Lord Marland of Odstock | |
| | I McIsaac | (appointed 21 November 2007) |
| | J M Nicholson | |
| | R W O'Brien | (resigned 31 December 2007) |
| **Company Secretary** | P A Cockburn | |
| **Bankers** | HSBC<br>95 Gracechurch Street<br>London<br>EC3V ODQ | |
| **Auditors** | CLB Littlejohn Frazer<br>Chartered Accountants and Registered Auditors<br>1 Park Place<br>Canary Wharf<br>London<br>E14 4HJ | |

**Jubilee Managing Agency Limited**

**Directors' Report**
**31 December 2007**

The directors present their annual report and audited financial statements for the year ended 31 December 2007

## 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 13 The profit after taxation for the year was £2,757,134 (2006 £400,011)

A dividend of £255,000 relating to 2006 (2005 £117,000) was paid during the year

## Significant Events

Cassidy Capital Limited ("CCL") the Lloyd's corporate member providing 13 8% of the funds at Lloyd's for Syndicate 779 ceased underwriting new long term business after 31 December 2007 The Funds at Lloyd's that were in place to support the open years of account will remain in place and be made interavailable between CCL and Cassidy Capital Life Limited ("CCLL") until the 2007 year of account is closed CCLL is a wholly owned subsidiary of the company's parent, Appleclaim Limited, and will participate on Syndicate 779 for the 2008 underwriting year

In relation to the interavailability of funds, the company provided an indemnity to Lloyd's, to a maximum liability of £500,000, under which the company agrees to indemnify Lloyd's against all actions, proceedings, costs and claims made against Lloyd's by any person in respect of the deeds that were necessary to give effect to the interavailability of funds at Lloyd's between CCL and CCLL The indemnity will expire on the close of the 2007 year of account

On 31 December 2007, the company entered into participation deeds with CCL, CCLL and Jubilee Motor Policies Limited and the investors who provide Funds at Lloyd's to support Syndicates 1231, 5820 and 779 Under the terms of the participation deeds, the investors are entitled to their relevant proportion of the profit or loss of the relevant syndicate and the company has rights in relation to cash calls, provision of funds, draw downs and distributions

**Jubilee Managing Agency Limited**

**Directors' Report (continued)**
**31 December 2007**

**Business Review and Future Developments**

**Results Analysis**

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

*Financial*

| | 2007 £000 | 2006 £000 |
|---|---|---|
| Profit on ordinary activities before taxation | 3,933 | 579 |
| Turnover | 4,090 | 1,155 |
| Net assets | 3,714 | 1,212 |
| Investment return% | 5 27% | 4 56% |
| Managed capacity | 128,000 | 137,000 |

*Turnover* - the company receives 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 syndicates These were substantially higher than in 2006 This is the first year that there is an entitlement to profit commissions from Syndicates 1231 and 5820 In addition, the profitability of Syndicate 779 has increased

*Expenses* – expenses reduced by 15% primarily due to a lower amortisation charge on the intangible assets and lower legal costs

*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 74% of the employees in place at 1 January 2007 (2006 82%)

*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

**Jubilee Managing Agency Limited**

**Directors' Report (continued)**
**31 December 2007**

**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

**Corporate Governance**

The Board comprises six executive directors and five non-executive directors and meets quarterly 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

*Syndicate Executive Committee* - the committee is responsible for overseeing the day to day management of the syndicates This includes business plan review and management of 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 to approve acceptable levels of security The committee is chaired by a non-executive director

*Investment Committee* - the committee is responsible for the management of the company and syndicate investment strategy, investment risk and performance of fund managers The committee is chaired by a non-executive director

*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 Appleclaim group companies are exposed to a number of key risks within their respective business activities, which have the potential to affect their ability to achieve their business objectives

## Risk Management (continued)

Each company Board is responsible for maintaining an appropriate structure for managing these risks and acknowledges that it is not possible to eliminate risk entirely, but seeks to manage risks in line with risk appetite by maintaining effective systems and controls

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 principal risks and uncertainties facing the company as Managing Agent and the syndicates are outlined accordingly to the key risk groups identified, as follows -

### 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 syndicates 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 the company 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 managed capacity managed by 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, with fixed interest rates 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

**Jubilee Managing Agency Limited**

**Directors' Report (continued)**
**31 December 2007**

**Managing Agent (continued)**

In addition, as a Managing Agent, Lloyd's requires a minimum level of available funds to be maintained by the company 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 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

**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 to pay or slow payment by any of the syndicates' counterparties This is monitored by a dedicated credit controller and by a separate committee A key aspect of credit risk is the 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

**Syndicate Risks (continued)**

*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 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 quarterly to review results and opportunities

**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 syndicates' auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

**Jubilee Managing Agency Limited**

**Directors' Report (continued)**
**31 December 2007**

**Auditors**

CLB Littlejohn Frazer were appointed as the company's auditors for the year ended 31 December 2007 Auditors for the forthcoming year will be appointed in accordance with Section 485 of the Companies Act 2006

Approved by the directors and signed on behalf of the Board

Theodore Agnew
Director
9th April 2008

**Jubilee Managing Agency Limited**

**Statement of Directors' Responsibilities**

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 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 judgements 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 and 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 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 2007 which comprise the profit and loss account, the balance sheet, the accounting policies, and the related notes 1 to 18 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 judgements 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

**Jubilee Managing Agency Limited**

**Report of the Auditors (continued)**

## 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 2007 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 Littlejohn Frazer

**CLB Littlejohn Frazer**
Chartered Accountants
and Registered Auditors

9 April 2008

1 Park Place
Canary Wharf
London
E14 4HJ

**Jubilee Managing Agency Limited**

**Profit and Loss Account**
**Year Ended 31 December 2007**

| | Note | 2007<br>£000 | 2006<br>£000 |
|---|---|---|---|
| Turnover | 1 | 4,090 | 1,155 |
| Operating expenses | | (715) | (843) |
| Profit on ordinary activities before interest and taxation | | 3,375 | 312 |
| Interest receivable | | 558 | 267 |
| Profit on ordinary activities before taxation | 2 | 3,933 | 579 |
| Taxation | 4 | (1,176) | (179) |
| Profit on ordinary activities after taxation | | 2,757 | 400 |

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 15 to 22 form part of these financial statements

**Jubilee Managing Agency Limited**

**Balance Sheet**
**As at 31 December 2007**

| | Note | 2007 £000 | 2007 £000 | 2006 £000 | 2006 £000 |
|---|---|---|---|---|---|
| **Intangible assets** | | | | | |
| Rights to act as a Lloyd's Managing Agent | 5 | | - | | 142 |
| **Tangible assets** | 6 | | 297 | | 165 |
| **Investments** | | | | | |
| Shares in group undertakings | 7 | | - | | - |
| **Current assets** | | | | | |
| Debtors | 8 | 4,783 | | 1,440 | |
| Cash at bank and in hand | | 11,581 | | 7,939 | |
| | | 16,364 | | 9,379 | |
| **Current liabilities** | | | | | |
| Creditors amounts falling due within one year | 9 | (12,709) | | (8,176) | |
| **Net current assets** | | | 3,655 | | 1,203 |
| Total assets less current liabilities | | | 3,952 | | 1,510 |
| **Long-term liabilities** | | | | | |
| Creditors amounts falling due after more than one year | 10 | | (238) | | (298) |
| **Net assets** | | | 3,714 | | 1,212 |
| **Capital and reserves** | | | | | |
| Called up share capital | 11 | | 400 | | 400 |
| Profit and loss account | 12 | | 3,314 | | 812 |
| **Equity shareholders' funds** | 13 | | 3,714 | | 1,212 |

Approved by the Board on 9th April 2008

K Lewis

Kate Lewis
Director

The accounting policies and notes on pages 15 to 22 form part of these financial statements

Jubilee Managing Agency Limited

**Accounting Policies**
**31 December 2007**

## 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 have been 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

Jubilee Managing Agency Limited

**Accounting Policies (continued)**
**31 December 2007**

**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

**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**

A defined contribution pension scheme is operated for group and syndicate employees Any pension contributions not recharged to group companies or managed syndicates are charged to the profit and loss account The funds of the scheme are administered by Scottish Equitable plc and funds are held separately from the company Contributions are paid by group companies, managed syndicates and employees

**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 2007**

## 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

| | 2007 £000 | 2006 £000 |
|---|---|---|
| Managing agency fees | 738 | 607 |
| Profit commissions | 3,352 | 548 |
| | 4,090 | 1,155 |

## 2. Profit on Ordinary Activities before Taxation

| | 2007 £000 | 2006 £000 |
|---|---|---|
| This is stated after charging | | |
| Fees payable to the company's auditors for | | |
| - audit of the company's annual accounts | 14 | 10 |
| - taxation services | 3 | 5 |
| Amortisation of intangible assets | 142 | 223 |
| Depreciation of tangible fixed assets | 460 | 885 |
| Depreciation recharged to managed syndicates or group company | (460) | (885) |

## 3. Employees

| | 2007 £000 | 2006 £000 |
|---|---|---|
| Staff costs (including directors) | | |
| Wages and salaries | 6,877 | 5,471 |
| Social security costs | 702 | 554 |
| Pension contributions | 428 | 402 |
| Share option costs | 52 | 40 |
| | 8,059 | 6,467 |
| Recharges to other group companies and managed syndicates | (7,773) | (6,203) |
| | 286 | 264 |

| | No. | No |
|---|---|---|
| Average number of employees during the year (including directors) | 177 | 191 |
| Recharged | (169) | (183) |
| | 8 | 8 |

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

### 3. Employees (continued)

During the year the parent company recharged £52k (2006 £40k) in respect of share option costs Full disclosure of the schemes has been made in the financial statements of Appleclaim Limited

| | 2007 £000 | 2006 £000 |
|---|---|---|
| Directors' fees | 173 | 182 |
| Pension costs | 2 | 3 |
| Aggregate emoluments | 175 | 185 |

### 4. Taxation

| | 2007 £000 | 2006 £000 |
|---|---|---|
| Current tax | | |
| UK corporation tax on profits for the year | 1,154 | 185 |
| Adjustment to prior years tax charge | 28 | (102) |
| | 1,182 | 83 |
| Deferred tax | | |
| Originating and reversal of timing differences | (6) | 96 |
| Tax charge on ordinary activities | 1,176 | 179 |

**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% (2006 30%)
The differences are explained below

| | 2007 | 2006 |
|---|---|---|
| Profit on ordinary activities before tax | 3,933 | 579 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%) | 1,180 | 173 |
| Effects of | | |
| Other timing differences | (26) | 12 |
| Adjustment to prior years tax charge | 28 | (102) |
| Current tax charge for year | 1,182 | 83 |

**Deferred tax asset**

| | 2007 | 2006 |
|---|---|---|
| Asset at 1 January | 12 | 108 |
| Deferred taxation credit/(charge) for the year | 6 | (96) |
| Asset at 31 December | 18 | 12 |

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

**Jubilee Managing Agency Limited**

**Notes to the Financial Statements (continued)**
**31 December 2007**

## 5. Intangible Assets

| Rights to act as a Lloyd's Managing Agent | **2007 £000** | **2006 £000** |
|---|---|---|
| Cost | | |
| At 1 January | 620 | 570 |
| Additions | - | 50 |
| At 31 December | 620 | 620 |
| Amortisation | | |
| At 1 January | 478 | 255 |
| Charge for the year | 142 | 223 |
| At 31 December | 620 | 478 |
| Net Book Value at 1 January | 142 | 315 |
| Net Book Value at 31 December | - | 142 |

## 6 Tangible Fixed Assets

| **Computer Systems** | **2007 £000** | **2006 £000** |
|---|---|---|
| **Cost:** | | |
| At 1 January | 1,770 | 1,440 |
| Additions | 592 | 330 |
| At 31 December | 2,362 | 1,770 |
| **Depreciation:** | | |
| At 1 January | 1,605 | 720 |
| Charge for the year | 460 | 885 |
| At 31 December | 2,065 | 1,605 |
| Net Book Value at 1 January | 165 | 720 |
| Net Book Value at 31 December | 297 | 165 |

## 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 £1 This company is not active

| **8. Debtors** | **2007 £000** | **2006 £000** |
|---|---|---|
| Deferred tax asset (note 4) | 18 | 12 |
| Amounts owed by group undertakings | 999 | 639 |
| Amounts owed by managed syndicates | 3,593 | 611 |
| Prepayments and accrued income | 147 | 140 |
| Other debtors | 26 | 38 |
| | 4,783 | 1,440 |

| **9 Creditors· amounts falling due within one year** | **2007 £000** | **2006 £000** |
|---|---|---|
| Amounts due to parent undertaking | - | 141 |
| Amounts due to group undertakings | 121 | 8 |
| Loan amounts due to parent undertaking | 5,237 | 1,808 |
| Loan amounts due to group undertakings | 617 | 1,746 |
| Accruals and deferred income | 5,444 | 4,256 |
| Taxes and social security | 167 | 172 |
| Corporation Tax | 1,049 | 14 |
| Other creditors | 74 | 31 |
| | 12,709 | 8,176 |

| **10. Creditors. amounts falling due after more than one year** | **2007 £000** | **2006 £000** |
|---|---|---|
| Subordinated loan from ultimate parent company | 200 | 200 |
| Accruals and deferred income | 38 | 98 |
| | 238 | 298 |

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

**Jubilee Managing Agency Limited**

**Notes to the Financial Statements (continued)**
**31 December 2007**

| **11. Called-up Share Capital** | **2007** | **2006** |
|---|---|---|
| | **£** | **£** |
| **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** | **2007** | **2006** |
|---|---|---|
| | **£000** | **£000** |
| At 1 January | 812 | 529 |
| Dividend paid | (255) | (117) |
| | 557 | 412 |
| Profit for the year | 2,757 | 400 |
| At 31 December | 3,314 | 812 |

| **13 Reconciliation of Movement in Equity Shareholders' Funds** | **2007** | **2006** |
|---|---|---|
| | **£000** | **£000** |
| Equity shareholders' funds at 1 January | 1,212 | 929 |
| Profit for the year | 2,757 | 400 |
| Dividends paid | (255) | (117) |
| Equity shareholders' funds at 31 December | 3,714 | 1,212 |

**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, 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)

Jubilee Managing Agency Limited

**Notes to the Financial Statements (continued)**
**31 December 2007**

## 16. Pension

Contributions to the pension scheme are made by the group companies, managed syndicates and employees The pension charge represents contributions payable by the company for the year The group also makes payments into certain other staff personal pension plans The company's liability for all schemes is limited to the amount of its contributions

At 31 December 2007 the company owed contributions of £45,000 (2006 £49,000) to these pension schemes

## 17 Operating Leases

Commitments under non-cancellable operating leases were as follows

| | Buildings | |
|---|---|---|
| | **2007** | **2006** |
| | **£000** | **£000** |
| Leases expiring | | |
| Within one year | 109 | - |
| Two to five years | - | 109 |
| | 109 | 109 |

## 18. Contingent Liabilities

The company has indemnified The Society of Lloyd's ("Lloyd's") against any claims or demands it may receive in relation to moving the underwriting of any new long term insurance business at Lloyds from Cassidy Capital Limited to Cassidy Capital Life Limited The maximum liability of the company is limited to £500,000