

### **Important information about Jubilee Managing Agency Limited Reports and Accounts**

The statutory reports and accounts set forth in this section of the Jubilee website, which have been filed with Companies House, are being provided for information purposes only.

You acknowledge and agree that you will not provide any person with a copy of these reports and accounts without also providing them with a copy of this acknowledgement.

**Jubilee Managing Agency Limited**

**Directors' Report and Financial Statements**

31 December 2010

Registered Number: 4434499

## Jubilee Managing Agency Limited

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## Jubilee Managing Agency Limited

### Directors' Report 31 December 2010

The directors present their annual report and audited financial statements for the year ended 31 December 2010.

#### 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. Syndicate 1231 did not underwrite any new business during 2010. The company incurs and recharges various expenses on behalf of the managed syndicates and other group companies.

The company will continue these activities while actively seeking new opportunities for 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 £1,029k (2009 : £1,186k).

A dividend of £771k relating to 2009 was paid during the year (in 2009 a dividend of £1,724k in respect of 2008 was paid).

#### Business Review and Future Developments

##### Results Analysis

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

<i>Financial</i>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before taxation	1,444	1,661
Turnover	2,666	2,971
Net Assets	4,291	4,033
Managed capacity	165,924	138,100
Investment return	0.25%	0.39%

Expenses - An overall reduction of 5.14% was due to a combination of lower staff costs, consultation fees and various other professional fees.

## Jubilee Managing Agency Limited

Directors' Report (continued)  
31 December 2010

### Results Analysis (continued)

#### *Non-financial*

*Staff* - the company employs and manages the group companies and 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.

#### *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 in office are shown on page 2. M J Watson was a director during the year but died in July 2010. Directors interests are shown on pages 19 and 20 as part of the related parties note to the accounts.

### Corporate Governance

The Managing Agency Board comprises an appropriate number of executive directors and non-executive directors and meets quarterly. The Board has established a practical and effective 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. The key Committees are:

*Executive Committee* - The executive committee is responsible for the overall management of the business, including implementation of strategy, monitoring the operating environment and risk mitigation.

*Audit Committee* - The audit committee is responsible for the monitoring and review of the Group'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.

*Risk and Capital Committee* - The risk and capital committee is responsible for the effective management of risk, capital requirements, reinsurance strategy, governance of the internal model and monitoring of the risk environment against risk appetite in line with syndicate business forecast expectations.

*Underwriting Committee* - The underwriting committee is responsible for reviewing syndicate activities, management and performance. This includes reviewing results and forecasts against agreed business plans and budgets.

*Reinsurance Committee* - The reinsurance committee is responsible for reinsurance purchase in line with individual syndicate's syndicate business forecast strategy and for reviewing the suitability of reinsurer's (approved by the reinsurance security sub-committee) on all types of outward reinsurance.

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

## Jubilee Managing Agency Limited

### Directors' Report (continued) 31 December 2010

#### 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. Jubilee 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.

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 risk mitigation arrangements such as systems and controls, and where relevant, reinsurance.

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 according 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 relate to its income arising from the management of Lloyd's syndicates. These risks are controlled mainly by this company, in the manner outlined in the notes below. The risks to this company arise from 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 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. The company has directors and officers indemnity insurance cover in place for £5m.

*Investment and currency risks* - the other significant risks faced by the company relate to the investment of the available funds within its own custody. The elements of these risks are investment risk, counterparty credit risk, liquidity risk, currency risk and interest rate risk. The Investment Committee monitors the performance of the investments and external investment managers on a regular basis and periodically agrees 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's 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 as 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 2010

### 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. 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 compared to the syndicates. 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 the 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, Jubilee Group Holdings 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* - Insurance risk refers to the risk of loss or adverse change in the value of insurance liabilities, due to inadequate pricing and reserving practices. These risks may be caused by the fluctuations in timing, frequency and severity of insured events and claim settlements in comparison to the expectation at the time of underwriting. The syndicates manage insurance risk by agreeing the appetite for these risks annually through the business plan, which sets out targets for volumes, pricing and retention by class of business and aggregate levels of exposure to catastrophe events. The Managing Agent monitors performance against the business plan throughout the year. Reserve adequacy is monitored by the syndicates' appointed actuary and by the Managing Agency Board.

*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 credit risk. Key aspects of credit risk are default by a reinsurer and certain financial instruments within the investment portfolio that include an element of credit exposure to the issuers of the security. The syndicate seeks to limit exposure by placing its reinsurance programme with reinsurers rated A or higher and through limiting exposure to reinsurers for single events. Investment credit risk is mitigated through detailed investment guidelines which include minimum credit quality and counterparty limits.

*Market Risk* - The exposure to financial market risk arises from the investment decisions made in relation to the syndicate funds and adverse movements in foreign exchange rates, interest rates and equities. The Managing Agent sets the investment strategy. Exposure to foreign exchange movements is mitigated through currency matching of assets and liabilities. Limits on the duration of invested assets are in place to limit the adverse affect of interest rate movements. Exposure to market risk is managed through the Group's 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, minimum levels of cash are maintained, all investments are readily marketable and cash flow is monitored.

**Jubilee Managing Agency Limited**

**Directors' Report (continued)**  
**31 December 2010**

**Syndicate Risks (continued)**

In the event of extreme adverse claims experience, it is possible that the syndicate may not be able to settle claim liabilities out of its own funds. In that event, the capital structure underpinning a 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 fulfil its share of such a call, Lloyd's Central Guarantee Fund may, at Lloyd's discretion, be called upon to make good any deficits for the benefit of policyholders. The Managing Agent monitors solvency requirements, to ensure the syndicates maintain at least the minimum solvency requirement.

*Operational Risk* - This is the risk that errors caused by people, processes or systems lead to losses to the syndicates. The Managing Agent seeks to manage this risk through policies and procedures and systems and controls, which are regularly reviewed and updated, the regular review of changes to the syndicates' risk environment, limits of authority granted to employees, the recruitment and retention of experienced personnel, staff training assessments and plans, the internal audit function, which reports on the effectiveness of operational controls and the Audit Committee which reviews the major findings from both operational and external audit.

*Regulatory Risk* - The Managing Agent 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 Agent has a regulatory department which monitors developments and assesses the impact on the Managing Agent's objectives and policies.

*Strategic Risks* - This is the risk of loss arising from syndicate market position, strategic direction and commercial interests and includes capital availability for future underwriting. Market position and strategic direction are reviewed at least annually as part of the business planning process. The Executive Committee monitors performance and market position. The Board meets at least quarterly, each year to review results and opportunities.

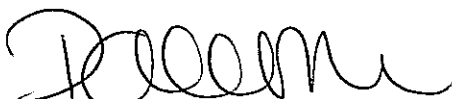
**Disclosure of Information to Auditors**

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 syndicate's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditors**

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



P A Cockburn  
Director

29 March 2011

## **Jubilee Managing Agency Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent

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.

## **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 2010 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Statement of Directors' Responsibilities, 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.

#### **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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

**Jubilee Managing Agency Limited**

**Report of the Auditors (continued)**

**Matters on which we are required to report by exception**

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.

We have nothing to report in respect of the above matters.

*NA Coulson*

Neil Coulson (Senior statutory auditor)  
For and on behalf of Littlejohn LLP  
Statutory auditor

1 Westferry Circus  
Canary Wharf  
London E14 4HD

29 March 2011

**Jubilee Managing Agency Limited**

**Profit and Loss Account  
Year Ended 31 December 2010**

	<b>Note</b>	<b>2010 £000</b>	<b>2009 £000</b>
Turnover	1	2,666	2,971
Operating expenses		(1,273)	(1,342)
<b>Profit on ordinary activities before interest and taxation</b>		<b>1,393</b>	<b>1,629</b>
Interest receivable		51	32
<b>Profit on ordinary activities before taxation</b>	2	<b>1,444</b>	<b>1,661</b>
Taxation	4	(415)	(475)
<b>Profit on ordinary activities after taxation</b>		<b><u>1,029</u></b>	<b><u>1,186</u></b>

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 22 form part of these financial statements.

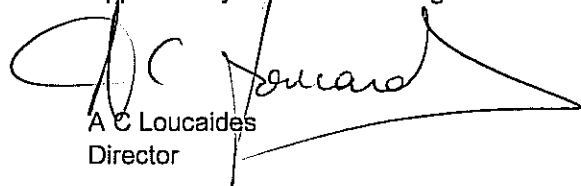
Jubilee Managing Agency Limited

Registered Number : 4434499

Balance Sheet  
As at 31 December 2010

	Note	2010 £000	2009 £000
<b>Tangible Assets</b>	5	2,117	1,539
<b>Current Assets</b>			
Debtors	6	11,539	12,028
Cash at bank and in hand		<u>1,740</u>	<u>2,315</u>
		<u>13,279</u>	<u>14,343</u>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	7	(10,848)	(11,601)
		<u>2,431</u>	<u>2,742</u>
Net Current Assets		<u>2,431</u>	<u>2,742</u>
Total Assets less Current Liabilities		4,548	4,281
<b>Long-Term Liabilities</b>			
Creditors: amounts falling due after more than one year	8	(257)	(248)
		<u>4,291</u>	<u>4,033</u>
Net Assets		<u>4,291</u>	<u>4,033</u>
<b>Capital and Reserves</b>			
Called up Share Capital	9	400	400
Profit and Loss Account	10	3,891	3,633
		<u>4,291</u>	<u>4,033</u>
Equity Shareholders' Funds	11	<u>4,291</u>	<u>4,033</u>

Approved by the Board and signed on its behalf:

  
A C Loucaides  
Director

29 March 2011

The accounting policies and notes on pages 13 to 22 form part of these financial statements.

## **Jubilee Managing Agency Limited**

### **Accounting Policies**

**31 December 2010**

#### **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.

#### **Going Concern**

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on pages 3 and 4.

The company has considerable financial resources and positive net assets, together with contracts with a number of customers and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **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 year 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 four years, from when the asset is brought into use.

## **Jubilee Managing Agency Limited**

### **Accounting Policies (continued) 31 December 2010**

#### **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 Jubilee Group Holdings Limited. The company is included within the consolidated financial statements of Jubilee Group Holdings 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 Aegon plc and funds are held separately from the company. Contributions are paid by group companies, managed syndicates and employees.

#### **Operating Leases**

Rentals payable under the operating lease are charged on a straight-line basis over the term of the lease.

**Jubilee Managing Agency Limited**

**Notes to the Financial Statements  
31 December 2010**

**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.

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Managing agency fees	931	782
Profit commissions	1,735	2,168
Other income	-	21
	<u>2,666</u>	<u>2,971</u>

**2. Profit on Ordinary Activities before taxation**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
This is stated after charging :		
Fees payable to the company's auditors for		
- audit of the company's annual accounts	10	11
- taxation services	3	4
- other services pursuant to legislation	6	8
Depreciation of tangible fixed assets	749	560
Depreciation recharged to managed syndicates or group company	<u>(749)</u>	<u>(560)</u>

This is stated after crediting:

Interest receivable	<u>51</u>	<u>32</u>
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**3. Staff costs**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Staff costs (including directors)		
Wages and salaries	11,808	11,048
Social security costs	1,128	1,230
Pension contributions	698	650
	<u>13,634</u>	<u>12,928</u>
Recharges to managed syndicates and other group companies	<u>(12,849)</u>	<u>(12,113)</u>
	<u>785</u>	<u>815</u>

	<b>2010</b>	<b>2009</b>
	<b>No</b>	<b>No</b>
Average number of employees during the year (including directors)	202	211
Recharged	<u>(194)</u>	<u>(206)</u>
	<u>8</u>	<u>5</u>

## Jubilee Managing Agency Limited

### Notes to the Financial Statements (continued) 31 December 2010

#### 3. Staff costs (continued)

The average number of staff employed during the year was as follows

	2010 No	2009 No
Administration		
Finance	7	3
	1	2
	<u>8</u>	<u>5</u>

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 gross emoluments of the highest paid director were £90k (2009: £63k).

During the year the parent company recharged £nil (2009:£nil) in respect of share option costs. Full disclosure of the schemes has been made in the financial statements of Jubilee Group Holdings Limited.

	2010 £000	2009 £000
Directors fees	326	357
Pension costs	9	13
	<u>335</u>	<u>370</u>

The average number of directors during the year was 11 (2009: 11)

In 2010 one director was paid £142,500 compensation for loss of office in accordance with the terms of his contract.

#### 4. Taxation

	2010 £000	2009 £000
Current tax:		
UK corporation tax on profits for the year	436	465
Adjustment in respect of prior periods	53	8
Deferred tax:		
Originating and reversal of timing differences	(74)	2
Tax charge on ordinary activities	<u>415</u>	<u>475</u>

**Jubilee Managing Agency Limited**

**Notes to the Financial Statements (continued)**  
**31 December 2010**

**4. Taxation (continued)**

	2010 £000	2009 £000
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before tax	<u>1,444</u>	<u>1,661</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009: 28%)	404	465
Effects of:		
- other timing differences	32	-
Current tax charge for the year	<u>436</u>	<u>465</u>

**4. Taxation (continued)**

	2010 £000	2009 £000
<b>Deferred tax asset</b>		
Asset at 1 January	9	11
Adjustment in respect of prior periods	50	-
Deferred taxation (charge) / credit for the year	24	(2)
Asset at 31 December	<u>83</u>	<u>9</u>

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

The deferred tax balance relates to timing differences on certain expenses for tax purposes.

**5. Tangible Assets**

	2010 £000	2009 £000
<b>Computer Systems</b>		
Cost:		
At 1 January	4,472	2,793
Additions	1,327	1,679
At 31 December	<u>5,799</u>	<u>4,472</u>
Amortisation:		
At 1 January	2,933	2,373
Charge for the year	749	560
At 31 December	<u>3,682</u>	<u>2,933</u>
<b>Net Book Value at 1 January</b>	<u>1,539</u>	<u>420</u>
<b>Net Book Value at 31 December</b>	<u>2,117</u>	<u>1,539</u>

**Jubilee Managing Agency Limited**

**Notes to the Financial Statements (continued)**  
**31 December 2010**

**6. Debtors**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Deferred tax asset	83	9
Amounts owed by parent undertakings	7,127	8,068
Amounts owed by group undertakings	1,606	368
Amounts owed by managed syndicates	1,989	2,931
Prepayments and accrued income	680	605
Other debtors	54	47
	<u>11,539</u>	<u>12,028</u>

**7. Creditors : amounts falling due within one year**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Amounts due to group undertakings	34	282
Loan amounts due to group undertakings	3,425	3,215
Accruals and deferred income	6,669	7,313
Taxes and social security	307	369
Corporation tax	346	318
Other creditors	67	104
	<u>10,848</u>	<u>11,601</u>

**8. Creditors : amounts falling due after more than one year**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Subordinated loan from ultimate parent undertaking	200	200
Deferred income	57	48
	<u>257</u>	<u>248</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.

**9. Called-up Share Capital**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised:</b>		
1,000,000 Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted called up and fully paid</b>		
400,000 Ordinary Shares of £1 each	<u>400</u>	<u>400</u>

## Jubilee Managing Agency Limited

### Notes to the Financial Statements (continued) 31 December 2010

#### 10. Profit and Loss Account

	2010	2009
	£000	£000
At 1 January	3,633	4,171
Dividend paid	(771)	(1,724)
Profit for the year	1,029	1,186
At 31 December	<u>3,891</u>	<u>3,633</u>

#### 11. Equity Shareholders' Funds

	2010	2009
	£000	£000
Equity Shareholders' funds at 1 January	4,033	4,571
Dividends paid	(771)	(1,724)
Profit for the year	1,029	1,186
	<u>4,291</u>	<u>4,033</u>

#### 12. Ultimate Parent Company

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

#### 13. Related Party Transactions

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 Jubilee Group Holdings Limited, the ultimate holding company (see note 12).

The following were directors or employees of group undertakings and are entitled to a share of the relevant underwriting year results through their deed of participation holdings. From 2007 year of account onwards the percentage share from the deeds of participation excludes any amounts under the reinsurance arrangements.

Syndicate 1231	2007	2008	2009	2010
<b>Share of results from Deeds of Participation:</b>				
T T M Agnew	3.57%	3.41%	3.48%	-
R J G Lowe	3.57%	3.41%	3.48%	-
Lord Marland of Odstock	6.50%	5.46%	5.57%	-

Syndicate 1231 did not underwrite any new business during 2010.

## Jubilee Managing Agency Limited

### Notes to the Financial Statements (continued) 31 December 2010

#### 13. Related Party Transactions (continued)

Syndicate 5820	2007	2008	2009	2010
<b>Share of results from Deeds of Participation:</b>				
Mr T T M Agnew	5.85%	5.94%	0.97%	1.95%
Mr J Clarke	0.73%	0.74%	0.03%	-
Mr B J Jackson	1.46%	-	-	-
Mr A Lancaster	5.85%	5.94%	0.97%	0.71%
Mr A Loucaides	-	-	0.32%	0.19%
Mr R J G Lowe	5.85%	5.94%	0.97%	1.80%
Lord Marland of Odstock	5.85%	5.94%	0.97%	2.80%
Mrs J M Nicholson	0.73%	0.74%	0.03%	-
<b>Syndicate 779</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Share of results from Deeds of Participation:</b>				
Mr T T M Agnew	3.54%	3.54%	3.54%	3.54%
Mr A Lancaster	3.54%	3.54%	3.54%	3.54%
Mr R J G Lowe	3.54%	3.54%	3.54%	3.54%
Lord Marland of Odstock	3.54%	3.54%	3.54%	3.54%

The following related parties are entitled to a share of the relevant underwriting year results either through their deed of participation holding or from a quota share reinsurance arrangement.

Syndicate 1231	2007	2008	2009	2010
<b>Share of results from Deeds of Participation:</b>				
Guardian Re (SAC) Limited	44.05%	42.04%	42.91%	-
<b>Syndicate 5820</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Share of results from Deeds of Participation:</b>				
Guardian Re (SAC) Limited	-	-	67.14%	56.25%
<b>Syndicate 779</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Share of results from Deeds of Participation:</b>				
Nemwill International Insurance Services Ltd	37.39%	37.39%	-	-
Guardian Re (SAC) Limited	-	-	37.39%	37.39%

#### 14. 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 2010 the company owed contributions of £66,530 (2009: £67,729) to these pension schemes.

## Jubilee Managing Agency Limited

### Notes to the Financial Statements (continued) 31 December 2010

#### 15. Operating Leases

	Buildings	
	2010	2009
	£000	£000
Leases expiring :		
Within 1 year	-	-
Two to five years	310	310
	<u>310</u>	<u>310</u>

#### 16. Contingent Liabilities

##### Lloyd's indemnity

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 Lloyd's from Cassidy Capital Limited to Cassidy Capital Life Limited. The maximum liability of the company is limited to £500,000.

##### Syndicate capacity exit fees

For Syndicate 5820 the Company has agreed with various capital providers that they will participate in a total of £20.0m capacity for the 2010 underwriting year, and £44.4m of capacity for the 2011 underwriting year.

The company has agreed to pay exit fees on the following scale:

In the event of the company requesting that a capital provider returns its capacity, the company will pay exit fees as follows:

For one provider, 10% of the capacity provided if the request is made prior to 2015, reducing on a sliding scale to 3% from 2018 onwards.

For the remaining providers, 10% of the capacity provided if the request is made prior to 2016, reducing on a sliding scale to 3% from 2019 onwards.

In the event of a change of control of the company requiring any of the capital providers to return their capacity, the company will pay exit fees of 10% if the request is made prior to 2014, reducing on a sliding scale to 3% in 2019.

##### Compensation for loss of office

The company has a potential liability in respect of legal and a possible compensation payment to one director who is pursuing their claim for unfair dismissal through the Employment Tribunal. No direction has yet been received from the Employment Tribunal upon this claim, although the matter is expected to be resolved during 2011. The directors have made what they consider to be an appropriate provision for this, although there is obvious uncertainty regarding the quantum until the case is resolved. Due to the nature of this matter the directors consider it inappropriate to disclose any further details at this time.

## **Jubilee Managing Agency Limited**

**Notes to the Financial Statements (continued)**  
**31 December 2010**

### **16. Contingent Liabilities (continued)**

#### **Employment Contracts**

(1) The company had entered into agreements with a number of key staff whereby the company had committed to make arrangements for certain special and potentially significant payments to be made in the future to those individuals if certain performance and other criteria are met. Due to the nature of their terms including their dependence upon future events and being uncapped it is not possible to quantify their likely value at this time. At present, based upon the group's current circumstances and earned results there is no obligation to make a payment to any individuals under the expected arrangements, therefore no liability has been recognised in these financial statements.

(2) A new agreement has now been entered into during 2011 with a number of key staff, which includes the employees mentioned above, whereby they would be entitled to a bonus based upon a share of the sale proceeds of the Group in the event that a disposal took place by 31<sup>st</sup> December 2011. No disposal or proceeds have yet been established, and therefore no liability arises under this agreement at present.

In the event that a sale does not take place, the original agreement as mentioned in (1) above may be re-instated. If an obligation does arise in the future it is anticipated that any amount payable would be rechargeable to the parent company Jubilee Group Holdings Limited.