

Registration No. 1454055

**Additional Underwriting Agencies
(No. 2) Limited**

Report and Financial Statements

for the year ended

31 December 2007

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Additional Underwriting Agencies (No. 2) Limited**Report and Financial Statements
for the year ended 31 December 2007**

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Additional Underwriting Agencies (No. 2) Limited

Directors' report

The directors present their report together with the financial statements of the company for the year ended 31 December 2007

Principal Activity and Business Review

The principal activity of the company was that of underwriting agents at Lloyd's

In February 1996 the Council of Lloyd's appointed Syndicate Underwriting Management Limited as substitute managing agent for each of the Names participating in the 1976 and 1977 years of account of Syndicate 762. Until that date the company fulfilled these functions.

As part of the reconstruction and renewal plan for the Market, Equitas has reinsured the liabilities of Names on Syndicate 762. With effect from 27 March 2007 Equitas entered into a retrocession and run-off contract with National Indemnity Company which provides significant additional cover for the names on syndicate 762. It is the intention of the Board to wind-up the company as soon as practicable.

Risk and Uncertainties

The Corporation of Lloyd's has indemnified the company against any actions, claims or costs arising out of, or in connection with the company's activities as a substitute members' agent.

Results for the year

The profit after tax for the year was £7,744 (2006: £13,398 loss).

The directors do not recommend the payment of a dividend.

Directors and Secretary

The officers who served during the year were

Directors

W F Goodier
R D Hazell
Lloyd's Nominees Director

Secretary

R Betts

Disclosure of information to auditors

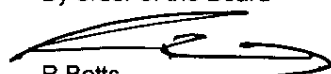
The directors, who were members of the board at the time of approving the director's report, are listed above. Having made enquires of the Company's auditors, each of these directors confirm that:

- To the best of each director's knowledge and belief there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of this information.

Auditors

A resolution proposing the reappointment of Ernst & Young LLP will be put to the members at the Annual General Meeting.

By order of the Board



R Betts
Secretary
Lloyd's
One Lime Street
London
EC3M 7HA

14 October 2008

Additional Underwriting Agencies (No. 2) Limited**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial period. Under the 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). The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent,
- state whether applicable 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 keeping proper accounting records that 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 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.

Additional Underwriting Agencies (No. 2) Limited

Independent auditor's report to the members of Additional Underwriting Agencies (No.2) Limited

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the profit and loss account, balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditors' 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

The directors are responsible for preparing the Annual Report and the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 whether in our opinion the information given in the Directors' Report is 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit 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 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.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London

20 October 2008

Additional Underwriting Agencies (No. 2) Limited**Profit and loss account**

for the year ended 31 December 2007

	Note	2007 £	2006 £
Operating income	2	500	500
Other income	3	30,486	-
Operating expenses	4	(500)	(500)
Operating profit		30,486	-
Taxation	6	(9,344)	-
Profit after taxation		21,142	-
Deficit brought forward as at 1 January		(13,398)	(13,398)
Profits/ (losses) carried forward as at 31 December		7,744	(13,398)

There were no recognised gains and losses for the year ended 31 December 2007 or the year ended 31 December 2006 other than those incorporated in the profit and loss account

Additional Underwriting Agencies (No. 2) Limited**Balance Sheet**

as at 31 December 2007

	Note	2007 £	2006 £
Current assets			
Cash at Bank		3,978	3,884
Debtors – Corporation of Lloyd's		32,595	2,109
		<hr/>	<hr/>
		36,573	5,993
Creditors - amounts falling due within one year			
Other creditors		4,478	4,384
Group relief payable to Corporation of Lloyd's		9,344	-
		<hr/>	<hr/>
		13,822	1,609
Net current assets		<hr/>	<hr/>
		22,751	1,609
Capital and reserves			
Called-up share capital	7	15,007	15,007
Profit and loss account – profit/(loss)	8	7,744	(13,398)
		<hr/>	<hr/>
Shareholders' funds - equity interests		<hr/>	<hr/>
		22,751	1,609

By order of the Board

[Signature]
 Lloyd's Nominees Director Limited
 Director
 14 October 2008

Additional Underwriting Agencies (No. 2) Limited

Notes to the financial statements

as at 31 December 2007

1 Accounting policies

Basis of accounting

Accounting convention

The financial statements are prepared under the historical cost convention in accordance with applicable UK Accounting Standards. A cash flow statement has not been prepared as the company is a wholly owned subsidiary of the Corporation of Lloyd's in whose group financial statements (the 'Society of Lloyd's') a consolidated cash flow is included.

By agreement with the Corporation of Lloyd's, the company was appointed to manage the business of Syndicate 762 at Lloyd's and to act as the underwriting agent at Lloyd's for the members of Syndicate 762. In consideration thereof, the Corporation has indemnified the company against any actions, claims or costs arising out of or in connection with the company's management of the affairs of Syndicate 762 or in its capacity as members' agent.

2 Operating income

During the year the Corporation of Lloyd's forgave debt due to it from the company of £500 (2006: £500)

3 Other income

On 10 November 2006 Equitas Holdings Limited and Equitas Limited (EL) entered into a retrocession and run-off contract with National Indemnity Company to provide additional retrocession cover to EL. Following the agreement becoming effective, Equitas paid a return premium to the reinsures including Additional Underwriting Agencies (No. 2) Limited. The amount paid to AUA 2 in December 2007 was £30,486.

4 Profit and loss account

Operating expenses includes

	2007 £	2006 £
Auditor's Remuneration - audit services	500	500

5 Directors' emoluments

No directors received emoluments during the year (2006: £nil)

6 Taxation

	2007 £	2006 £
Current Tax		
Current year tax charge	9,344	-
Total current tax charge	9,344	-
Factors affecting tax charge for the year		
Profit on ordinary activities before tax	30,486	-

Additional Underwriting Agencies (No. 2) Limited

Notes to the financial statement *continued*

6 Taxation *continued*

	2007 £	2006 £
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2006 30%)	9,146	-
<u>Effects of</u>		
Interest imputed on intergroup loan relationships for transfer pricing purposes	643	-
Marginal relief	(445)	-
	<hr/>	<hr/>
Current year charge	9,344	-
	<hr/>	<hr/>

7 Called up share capital

	Authorised £	Allotted, called-up and fully paid £
As at 31 December 2007 and 31 December 2006		
'A' Shares of £1 each	200	7
'B' Shares of £1 each	15,000	15,000
	<hr/>	<hr/>
	15,200	15,007
	<hr/>	<hr/>

Different rights attach to the 'A' and 'B' shares. The main differences are that the 'B' shares alone are not entitled to dividends from the distributable profits of the company and that the 'B' shares are not entitled to vote at any General Meeting of the company, except on a resolution directly affecting the rights of the 'B' shares or on a resolution to wind up the company.

8 Reconciliation of shareholders' funds

	Share Capital £	Profit & Loss Reserve £	Total Shareholders' Funds £
Balance at 1 January 2007	15,007	(13,398)	1,609
Profit for the year	-	21,142	21,142
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2007	15,007	7,744	22,751
	<hr/>	<hr/>	<hr/>

9 Contingent liabilities

As indicated in note 1, the Corporation of Lloyd's has indemnified the company against all claims arising in connection with the affairs of Syndicate 762.

10 Related Party transactions

The company has taken advantage of the exemption contained in FRS8 and has not disclosed transactions with group companies. There were no other related party transactions in 2007.

11 Parent undertaking

The ultimate parent undertaking is the Society of Lloyd's which is incorporated in the United Kingdom under Lloyd's Act 1871 and is subject to the provisions of Lloyd's Acts 1871 to 1982. Copies of the financial statements of the Society of Lloyd's are available from 1 Lime Street, London, EC3M 7HA.