

**Registration No. 1454055**

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

**Report and Financial Statements**

**for the year ended**

**31 December 2009**



**Additional Underwriting Agencies (No. 2) Limited****Report and Financial Statements  
for the year ended 31 December 2009**

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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 2009

### Principal Activity and Business Review

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. On 10 November 2006, Equitas Limited, Equitas Holdings Limited and Equitas Management Services Limited entered into a retrocession and run-off contract with a Berkshire Hathaway group undertaking, National Indemnity Company ('NICO') (as subsequently amended), becoming effective on 30 March 2007, under which all of Equitas Limited's liabilities in respect of 1992 and prior non-life business written at Lloyd's by members and former members of Lloyd's were retroceded to NICO. This first phase of the transaction provided substantial additional retrocessional cover for Equitas and hence the relevant members and former members of Lloyd's who originally underwrote the non-life business.

Following court approval on 25 June 2009, Phase 2 of the transaction was completed on 30 June 2009 when the liabilities of members and former members of Lloyd's in respect of non-life business allocated to the 1992 or prior years of account were transferred to Equitas Insurance Limited, a newly formed FSA authorised insurance company within the Equitas Group, pursuant to the provisions of an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000. The transfer relieves the members and former members concerned from the transferred liabilities under English law and the law of every other state within the EEA.

The continuing activities of the company are limited to residual matters relating to the offers.

### 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 loss after tax for the year was £15 (Profit 2008 £684).

The directors do not recommend the payment of a dividend.

### Future developments

The principal activity of the company was that of underwriting agents at Lloyd's. It is the intention of the Board to wind-up the company as soon as practicable.

### Directors and Secretary

The officers who served during the year were

#### Directors

W F Goodier  
R D Hazell  
Lloyd's Nominees Director *Limited*

#### Secretary

R Betts

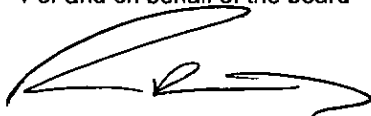
**Additional Underwriting Agencies (No. 2) Limited****Directors' report** *continued***Disclosure of information to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information required in connection with the auditor's report, of which the auditor is unaware. Each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**

It is the intention of the directors to reappoint the auditor under the deemed appointment rules of section 487 of the Companies Act 2006.

For and on behalf of the board



R Betts  
Secretary

*23 September* 2010  
Registered Number 1454055

## **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 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 estimates that are reasonable and prudent,
- state whether applicable UK 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 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.

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

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

We have audited the financial statements of Additional Underwriting Agencies (No 2) Limited for the year ended 31 December 2009 which comprise the Profit and Loss account, the Balance Sheet and the related notes 1 to 10. 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 Directors' Responsibilities Statement set out on page 3, 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 (APB'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 2009 and of its result 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.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*Ernst & Young LLP*

Angus Millar (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor

*27 September 2010*

## Additional Underwriting Agencies (No. 2) Limited

### Profit and loss account

for the year ended 31 December 2009

|                                     | Note | 2009<br>£   | 2008<br>£   |
|-------------------------------------|------|-------------|-------------|
| Operating Income                    | 2    | 500         | 500         |
| Operating Expenses                  | 3    | (515)       | (515)       |
| <b>Operating loss</b>               |      | <b>(15)</b> | <b>(15)</b> |
| Taxation                            | 5    | -           | 699         |
| <b>(Loss)/profit after taxation</b> |      | <b>(15)</b> | <b>684</b>  |

There were no recognised gains and losses for the year ended 31 December 2009 or the year ended 31 December 2008 other than those incorporated in the profit and loss account


# Additional Underwriting Agencies (No. 2) Limited

## Balance Sheet

as at 31 December 2009

|  | Note | 2009<br>£ | 2008<br>£ |
|--|------|-----------|-----------|
| <b>Current assets</b>                                  |      |           |           |
| Cash at Bank   |      | 4,056     | 4,042     |
| Debtors – Corporation of Lloyd's                       |      | 23,935    | 23,950    |
|  |      | <hr/>     | <hr/>     |
|  |      | 27,991    | 27,992    |
| <b>Creditors – amounts falling due within one year</b> |      |           |           |
| Other creditors  |      | (4,571)   | (4,557)   |
|  |      | <hr/>     | <hr/>     |
| <b>Net current assets</b>                              |      | 23,420    | 23,435    |
|  |      | <hr/>     | <hr/>     |
| <b>Capital and reserves</b>                            |      |           |           |
| Called-up share capital                                | 6    | 15,007    | 15,007    |
| Profit and loss account – profit                       | 7    | 8,413     | 8,428     |
|  |      | <hr/>     | <hr/>     |
| <b>Shareholders' funds – equity interests</b>          |      | 23,420    | 23,435    |
|  |      | <hr/>     | <hr/>     |

By order of the Board

  
 Director  
 23 September 2010  
*Authorised Signatory  
 Lloyd's Nominees Director Limited.*



## Additional Underwriting Agencies (No. 2) Limited

### Notes to the financial statements

as at 31 December 2009

#### 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 (2008: £500).

#### 3 Profit and loss account

##### Operating expenses includes

|   | 2009<br>£ | 2008<br>£ |
|---|-----------|-----------|
| Auditor's Remuneration – audit services | 515       | 515       |
|   | <hr/>     | <hr/>     |

#### 4 Directors' emoluments

No directors received emoluments during 2009 or 2008.

#### 5 Taxation

|  | 2009<br>£ | 2008<br>£ |
|--|-----------|-----------|
| <b>Current Tax</b>                               |           |           |
| Current year tax charge                          | -         | -         |
| Prior year adjustment                            | -         | 699       |
|  | <hr/>     | <hr/>     |
| Total current tax credit                         | -         | 699       |
|  | <hr/>     | <hr/>     |
| <b>Factors affecting tax charge for the year</b> |           |           |
| Loss on ordinary activities                      | (15)      | (15)      |
|  | <hr/>     | <hr/>     |

# Additional Underwriting Agencies (No. 2) Limited

## Notes to the financial statement *continued*

### 5 Taxation *continued*

|   | 2009<br>£ | 2008<br>£ |
|---|-----------|-----------|
| Loss on ordinary activities multiplied by the<br>Standard rate of corporation tax of 28% (2008 28.5%) | 4         | 4         |
| <u>Effects of</u>   |           |           |
| Prior year adjustment   | -         | 699       |
| Group relief surrendered but not paid   | (4)       | (4)       |
|   | <hr/>     | <hr/>     |
| Current year credit   | -         | 699       |
|   | <hr/>     | <hr/>     |

### 6 Called up share capital

| As at 31 December 2009 and 31 December 2008 | Authorised<br>£ | Allotted,<br>Called-up and<br>Fully paid<br>£ |
|---|-----------------|---|
| '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.

### 7 Reconciliation of shareholders' funds

|                             | Share Capital<br>£ | Profit & Loss<br>Reserve<br>£ | Total<br>Shareholders'<br>Funds<br>£ |
|-----------------------------|--------------------|-------------------------------|--------------------------------------|
| Balance at 1 January 2009   | 15,007             | 8,428                         | 23,435                               |
| Loss for the year           | -                  | (15)                          | (15)                                 |
|                             | <hr/>              | <hr/>                         | <hr/>                                |
| Balance at 31 December 2009 | 15,007             | 8,413                         | 23,420                               |
|                             | <hr/>              | <hr/>                         | <hr/>                                |

### 8 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.

### 9 Related Party disclosures

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 2009.

### 10 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 One Lime Street, London, EC3M 7HA.