

MARKET BULLETIN

REF: Y4024

Title	Q2 2007 QMR incorporating the 2007 Interim Return
Purpose	To advise managing agents that the forms and instructions for the Q2 QMR are available for download.
Type	Scheduled
From	John Parry, Head of Market Finance Contact details: 020 7327 5129 E-mail: john.parry@lloyds.com
Date	8 June 2007
Deadline	16 August 2007 – electronic submission 30 August 2007 – hardcopy of QMRs 910 and 930 22 August – release of 2005/6 forecasts to the Stock Exchange
Related links	

The purpose of this bulletin is to advise agents that the forms and instructions for the Q2 QMR, incorporating the interim return, are available for download. They are available for download from the MSU Market Returns website.

Changes in requirements

Details of the changes that have been made to the forms are set out in Appendix 1 to the instructions but in summary the key changes are:

- (a) QMR120, the derivation of line 11 has been amended to include entries from the STRGL;
- (b) QMR2, summary balance sheet (as in AR)
- (c) QMR350 cash flow on free funds has additional columns and rows;
- (d) QMR710, columns I and P must be completed; and
- (e) the hardcopy of the return for submission to Lloyd's will comprise just QMRs 910 and 930, the managing agent and auditor review reports.

Auditor review of interim return

Appendix 3 to the instructions provides a list of the QMR forms that will comprise the 30 June 2007 interim return: these are the forms to be covered by the auditor review. The auditor review will cover both the interim return, as last year, and the interim profits, as reported on AR100, to be recognised

for capital setting within the November Coming-into-line (CIL) exercise and for Release Test purposes. As set out in the instructions, the cash flow forms are not included in the scope of the review.

Deadlines

The submission date of 16 August represents the deadline by which all syndicates must submit their full QMR, but in electronic form only. Agents then have a further two weeks for the completion of the audit review. By 30 August each syndicate must submit the hardcopy interim return (ie QMRs 910 & 930). If the data in the QMR has been modified in any way from the 16 August submission then the revised version of the QMR will also need to be submitted in electronic form with the same version and time stamp as the hardcopy. Early submission of the audited hardcopy return is welcome.

Cut-off for data completion

As last year Lloyd's has no absolute requirement that all information must report entries precisely as at the quarter or year end date. Provided that agents agree suitable timings with their auditors, which enable annual accounts to be prepared in accordance with UK GAAP and present a true and fair view of the results and state of affairs of the syndicate, data may be prepared based on an earlier cut-off date than the quarter or year end. For example, written premium estimates and paid claims may be cut-off earlier than the balance sheet date provided this is agreed with the auditors and after consultation with the independent actuaries. For quarterly reporting, Lloyd's requires that the information is prepared on a consistent basis. i.e. we would not accept Q2 data based on, say, May management accounts if at year end, agents prepare equivalent figures on December accounts, since this would not provide a true underlying quarterly development through the year.

Restatement of June 2006 and December 2006 comparatives

The Q2 QMR includes a number of forms that only require completion if there is to be a change of accounting policies for the 31 December 2007 annual accounts compared to those used at 31 December 2006. Where there is such a change and the application of the new accounting policies to the prior period results in a material change to the amounts previously reported then the restatement forms must be completed with the restated figures.

For the avoidance of doubt, we are not expecting restatements of the 30 June 2006 figures except where there is to be a change in accounting policies between 2007 and 2006. While some syndicates did adopt new accounting policies in their 31 December 2006 annual accounts the overall impact on the Lloyd's Annual Report Pro-forma Results was immaterial. Therefore there is no requirement to restate your interim figures if your syndicate changed accounting policies for the 31 December 2006 accounts but reported the interim figures under the old accounting policies.

Reporting performance issues

We would encourage all agents to report any issues they have with the performance of the software and accessing the systems as soon as they arise. This will enable the ITG help desk to help resolve the issue earlier in the process and enable us to monitor service levels in real time and respond quickly as issues emerge. The contact details for the Data Management team 020 7327 5252 (e-mail: ITGDataManagement@Lloyds.com).

Queries

Any queries or comments on the return should be submitted via e-mail to Market Reporting (Lloyds-MRD-ReturnQueries@lloyds.com).

John Parry