

# MARKET BULLETIN

**From** Senior Manager, Market Reporting (extn 6500)

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**Date** 2 January 2007

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**Reference** Y3939

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**Subject** RATES OF EXCHANGE - 31 DECEMBER 2006

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**Subject areas**

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**Attachments**

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**Action points** None

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**Deadlines** Not applicable

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Please note that following the adoption of UK GAAP from 1 January 2005, the managing agent must determine the most appropriate accounting policies to be used, as agreed with the syndicate auditors, for year end reporting. This includes the determination of applicable accounting policies for exchange rates. You may wish to use the exchange rates set out below but these are not mandatory or recommended by Lloyd's; they are simply for information. However, it is generally expected that in accordance with UK GAAP, year end rates would be used for monetary balance sheet items and average rates for revenue account items. If you intend to use a different approach, please advise us via e-mail at either of the contacts below. You are reminded that year end rates must be used for the valuation for technical provisions for solvency, as set out in the annual return instructions, irrespective of the approach taken for non-monetary amounts in the balance sheet. Furthermore, Lloyd's does require that the exchange rates used in the annual return and quarterly monitoring return at 31 December 2006 are consistent.

The year end settlement currency rates as at 31 December 2006 are as follows (to the £):

US dollars	1.96
Canadian dollars	2.28
Euro	1.48
South African rand	13.80
Australian dollar	2.48
Japanese yen	233.20
Swiss franc	2.39
Hong Kong dollar	15.22
Swedish krona	13.39
Danish krone	11.06
Norwegian krone	12.19

Lloyd's will use the above year end rates when valuing funds at Lloyd's for solvency and capital test purposes at 31 December 2006.

The average currency rates over the twelve month period to 31 December 2006 are as follows:

US dollars	1.84
Canadian dollars	2.09
Euro	1.47
South African rand	12.51
Australian dollar	2.45
Japanese yen	214.48
Swiss franc	2.31
Hong Kong dollar	14.32
Swedish krona	13.57
Danish krone	10.94
Norwegian krone	11.81

This bulletin has been sent to all underwriting agents, active underwriters and recognised auditors. If you have any queries, please contact Nadia Yakoob on Lloyd's extension 6317 ([nadia.yakoob@lloyds.com](mailto:nadia.yakoob@lloyds.com)) or Paul Tucknott on Lloyd's extension 6169 ([paul.a.tucknott@lloyds.com](mailto:paul.a.tucknott@lloyds.com)).

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