

NEPHILA SYNDICATE SERVICES LTD.

Financial Statements

For the year ended
31 December 2015

Registered Number: 8337537

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Nephila Syndicate Services Ltd.

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Nephila Syndicate Services Ltd.

Company Information

Directors

S M Glassman
L A K Taylor
C G Garrod
M G Frith
C G R Collis

Company Secretary

N J R Bugler

Registered Office

c/o Willkie Farr & Gallagher (UK) LLP
City Point (12th Floor)
1 Ropemaker Street
London
EC2Y 9HT

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

Nephila Syndicate Services Ltd.

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2015.

Review of the business

Nephila Syndicate Services Ltd. (the "Company") was incorporated in the United Kingdom on 20 December 2012 as a limited company called Nephila Advisors (UK) Ltd. The Company changed its name on 20 December 2013. The Company was formed to provide certain set-up services in relation to Lloyd's Syndicate 2357 ("2357") and provide certain investor relations and business development services to Nephila Capital Ltd. ("NCL"). Effective from 20 December 2013 the provision of these services to NCL ceased and going forward the Company will only provide active underwriter and support services to 2357 as part of an annual secondment deed entered into by the active underwriter, the Company as his employer, 2357 and Asta Managing Agency Ltd. as 2357's third party managing agent. The Company is a wholly owned subsidiary of Nephila Syndicate Holdings Ltd. (the "Parent"), a Bermuda special purpose company owned by The Nephila Syndicate Holdings Purpose Trust, a Bermuda purpose trust whose trustee is Codan Trust Company Limited.

Results

The profit for the year amounted to £219 (2014: £13,063).

Directors

The directors, who served throughout the period and up to the date of signing this report (except where stated), were as follows:

S M Glassman
L A K Taylor
C G Garrod
M G Frith
C G R Collis

Going Concern

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 in preparing the annual financial statements.

Nephila Syndicate Services Ltd.

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Company intends to reappoint Deloitte LLP as its auditors.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Approved by the Board and signed on its behalf by:



S M Glassman
Director
05 April 2016

Nephila Syndicate Services Ltd.

Directors' responsibilities statement

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 judgments and accounting 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 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report To The Members Of Nephila Syndicate Services Ltd.

We have audited the financial statements of Nephila Syndicate Services Ltd. for the year ended 31 December 2015 which comprise the Profit and Loss Account and the Balance Sheet and the related notes 1 to 11. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

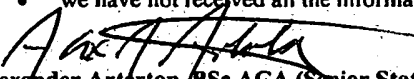
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

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.


Alexander Arterton, BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
05 April 2016

NEPHILA SYNDICATE SERVICES LTD.
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2015

	2015 £	2014 £
TURNOVER	115,000	95,000
ADMINISTRATIVE EXPENSES	114,726	77,445
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	274	17,555
Tax on profit on ordinary operations	(55)	(4,492)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	<u>219</u>	<u>13,063</u>

All results are from continuing operations

There are no recognised gains and losses other than the profit or loss for the period. Accordingly, no statement of total recognised gains and losses is presented.

See accompanying notes to the financial statements

NEPHILA SYNDICATE SERVICES LTD.
BALANCE SHEET
31 December 2015

	Note	2015 £	2014 £
CURRENT ASSETS			
Cash		19,338	41,675
TOTAL ASSETS		<u>19,338</u>	<u>41,675</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	6	6,055	8,678
Due to group undertakings		-	5,000
TOTAL LIABILITIES		<u>6,055</u>	<u>13,678</u>
NET ASSETS		<u>13,283</u>	<u>27,998</u>
EQUITY			
Called up share capital	7	2	1
Profit and loss account	8	13,281	27,996
TOTAL SHAREHOLDERS' FUNDS		<u>13,283</u>	<u>27,997</u>

See accompanying notes to the financial statements

The financial statements of Nephila Syndicate Services Ltd. were approved by the board of directors and authorised for issue on 05 April 2016. They were signed on its behalf by:


S M Glassman
Director
05 April 2016

NEPHILA SYNDICATE SERVICES LTD.
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Note	2015 £	2014 £
Balance at 1 January			
Equity		27,996	14,933
Profit for the period		<u>219</u>	<u>17,555</u>
Total comprehensive income for the year			
Issue of share capital		1	1
Dividends		(14,933)	-
Capital Contributions		-	-
Creditors: amounts falling due within one year (deferred taxes)		-	(4,492)
Balance at 31 December		<u>13,283</u>	<u>27,997</u>

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 102. Nephila Syndicate Services Ltd., is a company incorporated in the United Kingdom under the Companies Act.

The Company is a private Company limited by shares and is registered in London, England. The address of the registered office is given on page 3.

The average monthly number of employees (including executive directors) was 7 (2014: 6).

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year from previously extant UK GAAP as at 1 January 2014. There was no change to balances as the Company held no financial instruments that required revaluation and the balance sheet was valued at monetary rates of exchange.

Going concern

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.

Turnover

Advisory fees are recognized as income over the period of the respective agreement.

Expenses

All expenses including salaries and benefits, PAYE & NIC, professional fees, travel and entertainment and communications are recognised on an accrual basis.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Taxation (continuation)

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

**NEPHILA SYNDICATE SERVICES LTD.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Cash flow statement

No Cash Flow Statement is presented according to the small company exemption available under FRS 102.

2. AUDITOR'S REMUNERATION

Net fees payable to Deloitte LLP for the audit of the Company's financial statements were £5,824 (2014: £5,000), exclusive of VAT. These were borne by another group company. No other fees were paid to the auditor in respect of the Company.

3. DIRECTORS' REMUNERATION

None of the directors received any remuneration from the Company in the year. All directors receive remuneration from Nephila Capital Ltd and due to the non-executive nature of their services it is not appropriate to apportion this in respect of the Company.

4. EMPLOYEES AND STAFF COSTS

The average monthly number of employees was:

Staff costs

	2015 Number	2014 Number
Sales	2	1
	<u>2</u>	<u>1</u>

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	89,687	70,000
Social security costs	8,382	4,281
	<u>98,069</u>	<u>74,281</u>

5. TAXATION

The tax charge comprises:

	2015 £	2014 £
UK corporation tax prior year adjustment	-	981
UK corporation tax	55	3,511
	<u>55</u>	<u>4,492</u>

**NEPHILA SYNDICATE SERVICES LTD.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

5. TAXATION (Continued)

The Finance Act 2013 enacted a reduction to the UK corporation tax rate to 21% with effect from 1 April 2014 and 20% from 1 April 2015.

6. CREDITORS

	2015	2014
	£	£
Other creditors	6,000	5,167
Corporation tax payable	55	3,511
	<u>6,055</u>	<u>8,678</u>

7. CALLED UP SHARE CAPITAL

	2015	2014
	£	£
Allotted, called up and unpaid Ordinary shares of £1 each	2	1

The company has allotted and issued two ordinary shares of capital.

8. SHAREHOLDERS' FUNDS

	2015	2014
	£	£
At 1 January	27,997	14,934
Dividends declared/paid	(14,933)	-
Profit for the year	219	13,063
	<u>13,283</u>	<u>27,997</u>

9. RELATED PARTY TRANSACTIONS

The Company is one of two companies, which are wholly-owned members of the group headed by Nephila Syndicate Holdings Ltd. The group also consists of Nephila 2357 Ltd., the sole underwriting member of Syndicate 2357. The Company is a wholly owned subsidiary of Nephila Syndicate Holdings Ltd., a Bermuda special purpose company owned by The Nephila Syndicate Holdings Purpose Trust, a Bermuda purpose trust whose trustee is Codan Trust Company Limited.

10. POST BALANCE SHEET EVENTS

There have been no material post balance sheet events.

11. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. No accounting policies have been changed and there is no impact on equity or profit and loss.