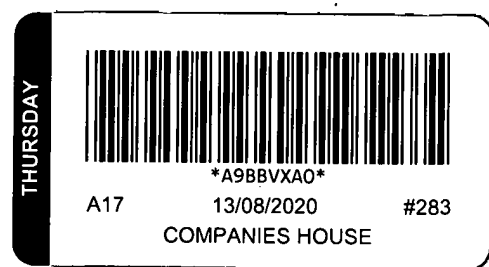


NEPHILA ADVISORS (UK) Limited
Annual report and financial statements

For the year ended 31 December 2019

Registered number: 08812429



NEPHILA ADVISORS (UK) Limited

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NEPHILA ADVISORS (UK) Limited

Company Information

Directors

S M Glassman
L A K Taylor

Registered Office

Walsingham House 4th Floor
35 Seething Lane
London
England
EC3N 4AH

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

NEPHILA ADVISORS (UK) Limited

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 2019.

Review of the business

Nephila Advisors (UK) Limited (the "Company") was incorporated on 12 December 2013. The Company was formed to provide certain investor relations and business development services to Nephila Capital Limited ("NCL"), a Bermuda based investment manager. The Company and NCL are wholly owned subsidiaries of Nephila Holdings Ltd. (the "Parent"), a Bermuda based company. The Company currently employs seventeen individuals and aims to continue to increase depth and breadth for the Nephila group's investor relations, information technology, client services and risk sourcing in the UK and throughout Europe. The net asset value for the years ended 31 December 2019 and 2018 were \$3,049,505, and \$2,315,341 respectively.

The Company will continue to provide these services.

The Company had capitalized a total of \$593,251 associated with one software development projects and a total of 1,646,155 associated with four software development projects as of 31 December 2019 and 2018 respectively.

Results and dividends

The profit for the year ended 31 December 2019 was \$734,164 (2018: \$715,007). No dividends were paid or declared.

Post balance sheet events

On 31 January 2020, the UK formally left the EU and entered a transition period lasting until 31 December 2020. During the transition period the UK and the EU will negotiate their future relationship and EU law will continue to apply in the UK. The Company was formed to provide certain investor relations and business development services to Nephila Capital Limited ("NCL"), a Bermuda based investment manager. The Company and NCL are wholly owned subsidiaries of Nephila Holdings Ltd. (the "Parent"), a Bermuda based company. Since the Company only serves NCL and there are no major changes in its operation structure in 2020, the directors do not currently expect any significant impacts incurred by Brexit, and should this change, the company will make the operational changes required to be able to maintain business in 2020.

As an advisory service provider, the Company does not expect Covid-19 outbreak to materially impact the ability to provide investor relations and business development services to our clients whose needs of our service are not materially affected by this event.

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.

Further details regarding the adoption of the going concern basis can be found in Note 1.

Directors

The directors, who served throughout the year and up to the date of signing this report, were as follows:

S M Glassman
L A K Taylor

NEPHILA ADVISORS (UK) Limited

Directors' report (continued)

Directors and their interests

The names of the persons who were Directors at any time during the year ended 31 December 2019 are set out on page 2 of the financial statements. Unless indicated the Directors served for the entire year. In accordance with the Articles of Association the existing Directors shall continue in office until resignation or removal.

Directors Indemnity

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Auditor

Deloitte LLP were previously appointed and have expressed their willingness to continue in office as auditor and therefore in accordance with the Companies Act 2006, are deemed re-appointed.

Information provided to the 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.

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:

DocuSigned by:

06289399DB55487...
Laura Taylor
Director
23 April 2020

NEPHILA ADVISORS (UK) Limited

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; 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information published by the Company. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NEPHILA ADVISORS (UK) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEPHILA ADVISORS (UK) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Nephila Advisors (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial

statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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.



Andrew Downes (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
23 April 2020

NEPHILA ADVISORS (UK) LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2019

	Note	2019 \$	2018 \$
TURNOVER		10,445,422	10,363,900
ADMINISTRATIVE EXPENSES		<u>(9,528,130)</u>	<u>(9,479,944)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	917,292	883,956
Tax on profit on ordinary operations	7	<u>(183,128)</u>	<u>(168,949)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>734,164</u></u>	<u><u>715,007</u></u>

All results are from continuing operations

There is no other comprehensive income other than the profit for the period. Accordingly, no statement of other comprehensive income is presented.

See accompanying notes to the financial statements.

NEPHILA ADVISORS (UK) LIMITED
BALANCE SHEET
As at 31 December 2019

	Note	2019	2018
		\$	\$
NON CURRENT ASSETS			
Intangible Assets	8	2,700,120	2,653,160
Tangible Assets	9	5,248	432,020
Debtors: amounts falling due after one year	10	0	296,753
		<u>2,705,368</u>	<u>3,381,933</u>
CURRENT ASSETS			
Cash		465,008	191,202
Debtors: amounts falling due within one year	10	2,624,585	876,081
		<u>3,089,593</u>	<u>1,067,283</u>
TOTAL ASSETS		<u><u>5,794,961</u></u>	<u><u>4,449,216</u></u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	11	2,745,456	2,133,875
NET ASSETS		<u>3,049,505</u>	<u>2,315,341</u>
SHAREHOLDER'S FUNDS			
Called up share capital	12	3	3
Profit and loss account		3,049,502	2,315,338
TOTAL SHAREHOLDERS' FUNDS		<u><u>3,049,505</u></u>	<u><u>2,315,341</u></u>

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The accounts have been prepared in accordance with the provisions of Section 1A of FRS 102.

The notes on pages 11 to 20 form an integral part of these financial statements.

The financial statements of Nephila Advisors (UK) Limited, company number 08812429 were approved by the board of directors and authorised for issue on 23 April 2020 They were signed on its behalf by:

DocuSigned by:

082893990855487...
Director
23 April 2020

NEPHILA ADVISORS (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
As at 31 December 2019

	Called-up share capital	Profit and loss account	Total
	\$	\$	\$
At 1 January 2018	3	1,600,331	1,600,334
Profit for the financial year		715,007	715,007
At 31 December 2018	3	2,315,338	2,315,341
Profit for the financial year		734,164	734,164
At 31 December 2019	3	3,049,502	3,049,505

The notes on pages 11 to 20 form an integral part of these financial statements.

NEPHILA ADVISORS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies are summarized below. They have all been applied consistently throughout the year and the previous year.

General information and basis of accounting

Nephila Advisors (UK) Limited 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 England and Wales. The address of the registered office is given on page 1.

The average monthly number of employees (including executive directors) was 17 (2018: 14).

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 Company's information is included in the consolidated financial statements of the group, these consolidated financial statements can be obtained upon request.

Exemptions have been taken in relation to company strategic report, share-based payments, financial instruments, statement of cash flows and remuneration of key management personnel.

Going concern

As an advisory service provider, the Company does not expect Covid-19 outbreak to materially impact the ability to provide investor relations and business development services to our clients whose needs of our service are not materially affected by this event.

The Company's business activities, performance and position along with the objectives, policies and processes for managing its principal risks and uncertainties are set out in the Directors' report. The Directors have not projected any significant changes to the Company and there is no material uncertainty regarding the Company's ability to meet its liabilities as they fall due. As such, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible assets

Tangible assets are stated at acquisition cost, net of accumulated depreciation. Cost includes major expenditures for improvements and replacements, which extend useful lives or increase capacity and interest costs associated with significant capital additions.

Depreciation are calculated using the straight-line method, based on the estimated useful lives of the related assets, as follows:

	Useful Life (Years)
Furniture, fixtures and fittings	5
Computer equipment	3
Leasehold Improvements	10

NEPHILA ADVISORS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Intangible Assets

Internally generated software costs during development phase are capitalized as an intangible asset if the following can be demonstrated: a) the project is technically feasible; b) the project is intended to complete and has the ability to use; b) the asset is expected to generate future economic benefits; c) there is availability of adequate technical, financial and other resources to complete the development and to use the intangible asset. Once capitalized they will be amortized over their expected useful life in accordance with the Company's amortization policies. The capitalized costs included direct costs of materials and services including travel costs, software purchase fees, and payroll costs arising from the generation of intangible software.

Amortization are calculated using the straight-line method, based on the estimated useful lives of the related assets, as follows:

	Useful Life (Years)
Internally generated software	3 or 5

Turnover

Advisory fees are recognised as income on an accruals basis and in accordance with the Company's agreement with Nephila Capital Limited ("NCL") and Nephila Syndicate Management Limited ("NSML").

Expenses

All expenses including salaries and benefits, payroll taxes, professional fees, travel and entertainment and communications are recognised on an accrual basis.

Foreign currency

The presentational currency is in US Dollars. Income and expenditure in other currencies is translated at the average rate of exchange for the year. The Company translates monetary assets and liabilities denominated in foreign currencies at the rate of exchange at the balance sheet date.

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 recognized 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 recognized in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognized 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 ADVISORS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Capitalisation of internal generated software- internal generated software costs during development phase are capitalized as an intangible asset if the following can be demonstrated: a) the project is technically feasible; b) the project is intended to complete and has the ability to use; b) the asset is expected to generate future economic benefits; c) there is availability of adequate technical, financial and other resources to complete the development and to use the intangible asset. Once capitalized they will be amortized over their expected useful life in accordance with the Company's amortization policies.

3. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP for the audit of the Company's financial statements the years ended 31 December 2019 and 2018 were \$23,720, and \$21,345 respectively. No other fees were paid to the auditor in respect of the Company.

4. DIRECTORS' REMUNERATION

The Directors are executives of the related group company, Nephila Capital Ltd., and are also directors of the Company. The Directors received no remuneration from Nephila Advisors (UK) Limited during the year (2018: Nil).

NEPHILA ADVISORS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. EMPLOYEES AND STAFF COSTS

The average monthly number of employees was:	2019	2018
	Number	Number
IT/Technology	14	13
Underwriting	1	0
Admin	1	1
Compliance	1	0
	<hr/>	<hr/>
Total	17	14
	<hr/>	<hr/>
Aggregate remuneration comprised:	2019	2018
	\$	\$
Wages and salaries	4,241,249	6,313,733
Social Security	550,295	511,808
Other Employee benefits	<u>314,702</u>	<u>(11,454)</u>
Total	<u>5,106,246</u>	<u>6,814,087</u>

6. PROFIT BEFORE TAXATION

Profit before taxation	2019	2018
	\$	\$
Advisory fee income	10,445,422	10,363,900
Staff costs	5,106,245	6,814,087
Professional fees	42,753	488,795
Foreign exchange (gain) or loss	186,270	227,030
Amortization	546,291	311,183
Depreciation	426,772	92,177
Other operating expenses	<u>3,219,799</u>	<u>1,546,672</u>
Profit before taxation	<u>917,292</u>	<u>883,956</u>

NEPHILA ADVISORS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TAXATION

The tax charge comprises:

	2019 \$	2018 \$
Corporation tax	258,449	71,008
Deferred tax	(75,321)	(33,686)
UK corporation tax	<u>183,128</u>	<u>168,949</u>

Finance (No.2) Act 2015 enacted reductions in the rate of UK corporation tax to 19% with effect from April 2017 and 17% with effect from April 2020. These rate reductions have had an impact on the Company's current and deferred tax balance as indicated above. At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%. This will not substantially impact the value of the deferred tax asset at the year ended 31 December 2019.

	2019 \$	2018 \$
Current tax on profit		
UK corporation tax	224,713	207,115
Double tax relief	—	—
Foreign tax	—	—
Adjustments in respect of prior years		
UK corporation tax at 19 per cent (PY:19.25 per cent)	(31,375)	(4,480)
Payment for group relief	65,111	—
Foreign tax	—	—
Total current tax	<u>258,449</u>	<u>202,635</u>
Deferred tax		
Origination and reversal of timing differences	(95,225)	(33,517)
Effect of increase in tax rate on opening liability	(-)	(-)
Effect of a change in the tax status of the entity or its shareholders	—	—
Decrease in estimate of recoverable deferred tax asset	—	—
Adjustments in respect of prior years	19,904	(169)
Total deferred tax (credit)	<u>(75,321)</u>	<u>(33,686)</u>
Total tax on profit	<u>183,128</u>	<u>168,949</u>

NEPHILA ADVISORS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TAXATION (CONTINUED)

Nephila Syndicate Management Limited, a wholly owned subsidiary of the Parent, rendered \$342,691 of its net loss through group relief in 2019 to offset the Company's taxable profit.

Tax on profit

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Reconciliation of tax charge

	2019	2018
	\$	\$
Profit before tax	911,281	886,823
Tax on profit at standard UK corporation tax rate of 19 per cent (2018: 19 per cent)	173,143	168,496
Effects of:		
- Expenses not deductible for tax purposes	10,253	1,158
- Income not taxable in determining taxable profit	-	-
Adjustments to tax charge in respect of previous periods	(28,126)	11
Adjustments to tax charge in respect of previous-deferred tax	19,904	(169)
- Utilisation of tax losses not previously recognised	-	-
- Change in unrecognised deferred tax assets	-	-
- Higher tax rates on overseas earnings	-	-
Adjust closing deferred tax to average rate of 19 per cent	-	-
Adjust opening deferred tax to average rate of 17 per cent	-	-
Current tax (prior period) exchange difference arising on movement between opening and closing spot rates	11,203	(4,491)
Current tax (current year) exchange difference arising on movement between opening and closing spot rates	(3,249)	3,943
Total tax charge for period	183,128	168,949

NEPHILA ADVISORS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TAXATION (CONTINUED)

Deferred tax is provided as follows:	2019	2018
	\$	\$
Company		
Accelerated capital allowances	36,367	111,688
Deferred tax arising in relation to retirement benefit obligations	-	-
Tax losses available	-	-
Other timing differences	<u>-</u>	<u>-</u>
Provision for deferred tax	<u>36,367</u>	<u>111,688</u>

8. INTANGIBLE ASSETS

Intangible assets	Internally generated Software in use	Internally generated software-under development	Total
	\$0	\$0	\$0
Cost			
At 1 January 2019	2,238,081	794,860	3,032,878
Additions	593,251	-	593,251
Transfer internal generated software under development to in use	-	-	-
Disposals	-	-	-
At 31 December 2019	<u>2,831,269</u>	<u>794,860</u>	<u>3,626,129</u>
Amortization			
At 1 January 2019	379,718	-	379,718
Disposals	0	-	-
Charge for year	<u>546,291</u>	-	<u>546,291</u>
At 31 December 2019	<u>926,009</u>	-	<u>926,009</u>
Net book value			
31 December 2019	<u>1,905,260</u>	<u>794,860</u>	<u>2,700,120</u>
1 January 2019	<u>1,858,300</u>	<u>794,860</u>	<u>2,653,160</u>

NEPHILA ADVISORS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INTANGIBLE ASSETS (CONTINUED)

Development costs have been capitalised in accordance with the requirements of FRS 102 and are therefore not treated, for dividend purposes, as a realised loss.

The Company had capitalized a total of \$593,251 associated with one software development projects and a total of \$1,646,155 associated with four software development projects as of 31 December 2019 and 2018 respectively. The four of the five projects were completed and put into use before 31 December 2019. The remaining intangible asset under development will be completed and put into use in 2020. As of 31 December 2019, the Company recorded a total of \$926,009 of amortization related to these internally generated software projects on its statements of operations.

9. TANGIBLE ASSETS

Tangible fixed assets	Leasehold improvement	Fixtures, fittings & equipment	Computer equipment	Total
	\$0	\$0	\$0	\$0
Cost				
At 1 January 2019	622,875	308	97,617	720,800
Additions	0	0	0	0
Disposals	0	0	0	0
At 31 December 2019	<u>622,875</u>	<u>308</u>	<u>97,617</u>	<u>720,800</u>
Depreciation				
At 1 January 2019	190,973	190	97,617	288,780
Disposals	0	0	0	0
Charge for year	<u>426,711</u>	<u>61</u>	<u>0</u>	<u>426,772</u>
At 31 December 2019	<u>617,684</u>	<u>251</u>	<u>97,617</u>	<u>715,552</u>
Net book value				
31 December 2019	<u>5,191</u>	<u>57</u>	<u>0</u>	<u>5,247</u>
1 January 2019	<u>431,902</u>	<u>118</u>	<u>0</u>	<u>432,020</u>

NEPHILA ADVISORS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. DEBTOR: AMOUNT FALLING DUE WITHIN ONE YEAR

	2019	2018
	\$	\$
Amounts owed by group undertakings	1,577,873	700,733
Prepayments and accrued income	1,048,647	109,806
Other debtors	(1,938)	65,540
	<u>2,624,582</u>	<u>876,078</u>

Debtor: amount falling due after one year

	2019	2018
	\$	\$
Prepayment and accrued income	<u>0</u>	<u>296,753</u>
	<u>0</u>	<u>296,753</u>

11. CREDITORS

	2019	2018
	\$	\$
Other creditors	738,189	416,745
Bonus accruals	1,632,134	1,366,481
Corporation tax payable	289,824	207,115
Deferred tax payable	36,367	111,689
Accruals	48,942	31,845
	<u>2,745,456</u>	<u>2,133,875</u>

12. CALLED UP SHARE CAPITAL

	2019	2018
	\$	\$
Allotted, called up and not paid		
Ordinary shares of £1 each	3	3

NEPHILA ADVISORS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. SHAREHOLDER'S FUNDS

	2019 \$	2018 \$
At January 1	2,315,341	1,600,334
Profit for the year	734,164	715,007
At 31 December	<u>3,049,505</u>	<u>2,315,341</u>

14. LEASE COMMITMENT

The Company entered into a lease for its corporate premises on 28 October 2015 for its London premises. This lease has an initial expiration date of 27 October 2025 but will be terminated in October 2020. The Company entered into a new lease with a 10-year term at a new location in October 2019. The confirmed commencement date of the new lease is October 28, 2019. The future minimum lease payments under the lease agreements are in the amount of \$5,439,969:

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 \$	2018 \$
Land and buildings		
Expiring:		
Between one and five years	2,632,889	1,236,470
In excess of five years	<u>2,807,080</u>	<u>453,372</u>
	<u>5,439,969</u>	<u>1,689,842</u>

15. POST BALANCE SHEET EVENTS

On March 11, 2020, the coronavirus (COVID-19) outbreak was officially designated a pandemic, having an impact on health and economies globally. Nephila Advisors (UK) limited has taken appropriate precaution for the safety of its employees by putting in place remote working arrangements. As an advisory service provider, we do not expect this outbreak to materially impact the ability to provide investor relations and business development services to our clients whose needs of our service are not materially affected by this event.

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure exemption available in FRS 102 Section 33. All related party transactions are with entities that are wholly owned by the ultimate parent.

17. IMMEDIATE AND ULTIMATE PARENT COMPANY

The Directors regard Markel Corporation, a company incorporated in 1930, as the ultimate parent company. The smallest and largest group into which the financial statements of Nephila Advisors (UK) Limited are consolidated into is Markel Corporation. Copies of the group financial statements may be obtained from Markel Corporation at 4521 Highwoods Parkway, Glen Allen, Virginia, U.S. 23060.