

NEPHILA ADVISORS (UK) Limited
Annual report and financial statements

For the year ended 31 December 2017

Registered number: 08812429

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NEPHILA ADVISORS (UK) Limited

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NEPHILA ADVISORS (UK) Limited

Company Information

Directors

S M Glassman
L A K Taylor

Registered Office

53 New Broad Street
London
England
EC2M 1JJ

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 2017.

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 twenty 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 2017 and 2016 were \$1,600,334, and \$1,111,806 respectively.

The Company will continue to provide these services.

Results and dividends

The profit for the years ended 31 December 2017 and 2016 were \$488,528, and \$647,920. No dividends were paid or declared.

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

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 and their interests

The names of the persons who were Directors at any time during the year ended 31 December 2017 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.

No Director had any interest in the share capital of the Company at any time during the year. Directors' interests in the share capital of the ultimate holding company, Nephila Holdings Limited at 31 December 2017 are not disclosed in accordance with SI 1985/802 - Companies (Disclosure of Directors' Interests) (Exceptions) regulations 1985.

NEPHILA ADVISORS (UK) Limited

Directors' report (continued)

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:



S M Glassman
Director
04 April 2018

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;
- 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.

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:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 of Nephila Advisors (UK) Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 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

NEPHILA ADVISORS (UK) Limited

Auditor's report (continued)

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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.

NEPHILA ADVISORS (UK) Limited

Auditor's report (continued)

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.



Andrew Downes (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London

04 April 2018

NEPHILA ADVISORS (UK) LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2017

	Note	2017 \$	2016 \$
TURNOVER		6,797,758	8,845,641
ADMINISTRATIVE EXPENSES		<u>(6,179,782)</u>	<u>(8,041,491)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		617,976	804,150
Tax on profit on ordinary operations	7	<u>(129,448)</u>	<u>(156,230)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>488,528</u>	<u>647,920</u>

All results are from continuing operations

There is no other comprehensive income other than the profit or loss 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 2017

	Note	2017	2016
		\$	\$
NON CURRENT ASSETS			
Intangible Assets	5	1,318,188	0
Tangible Assets	4	524,197	619,084
Debtors: amounts falling due after one year	11	363,253	363,253
		<u>2,205,638</u>	<u>982,337</u>
CURRENT ASSETS			
Called up share capital not paid		3	3
Cash		833,156	1,110,684
Debtors: amounts falling due within one year	11	876,278	1,198,057
		<u>1,709,437</u>	<u>2,308,744</u>
TOTAL ASSETS		<u>3,915,075</u>	<u>3,291,081</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	8	2,314,741	2,179,275
NET ASSETS		<u>1,600,334</u>	<u>1,111,806</u>
SHAREHOLDER'S FUNDS			
Called up share capital	9	3	3
Profit and loss account		1,600,331	1,111,803
TOTAL SHAREHOLDERS' FUNDS		<u>1,600,334</u>	<u>1,111,806</u>

The notes on pages 12 to 21 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 04 April 2018. They were signed on its behalf by:



S M Glasman
Director
04 April 2018

NEPHILA ADVISORS (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
As at 31 December 2017

	Called-up share capital	Profit and loss account	Total
	\$	\$	\$
At 1 January 2016	<u>3</u>	<u>463,883</u>	<u>463,886</u>
Profit for the financial year		647,920	647,920
Dividends for the financial year		0	0
At 31 December 2016	<u>3</u>	<u>1,111,803</u>	<u>1,111,806</u>
Profit for the financial year		488,528	488,528
Dividends for the financial year		0	0
At 31 December 2017	<u>3</u>	<u>1,600,331</u>	<u>1,600,334</u>

NEPHILA ADVISORS (UK) LIMITED
STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	\$ 488,528	\$ 647,920
Adjustments for:		
Depreciation and amortization	163,423	93,943
Changes in debtors and creditors:		
Debtors	321,779	(581,551)
Creditors	135,465	679,192
	<hr/>	<hr/>
CASH GENERATED BY OPERATIONS	1,109,195	839,504
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(1,386,723)	(16,214)
	<hr/>	<hr/>
Net cash used in investing activities	(1,386,723)	(16,214)
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(277,528)	823,290
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,110,684	287,394
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 833,156	\$ 1,110,684
	<hr/>	<hr/>

The notes on pages 12 to 21 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 20 (2016: 26).

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 and remuneration of key management personnel

Going concern

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
Leaschold 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	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").

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. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP for the audit of the Company's financial statements the years ended 31 December 2017 and 2016 were \$22,369, and \$19,200 respectively. No other fees were paid to the auditor in respect of the Company.

3. 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 (2017: Nil).

4. TANGIBLE ASSETS

Tangible fixed assets	Leasehold improvement	Fixtures, fittings & equipment	Computer equipment	Total
	\$0	\$0	\$0	\$0
Cost				
At 1 January 2017	622,875	308	97,617	720,800
Additions	0	0	0	0
Disposals	0	0	0	0
At 31 December 2017	<u>622,875</u>	<u>308</u>	<u>97,617</u>	<u>720,800</u>
Depreciation				
At 1 January 2017	66,398	67	35,251	101,716
Disposals	0	0	0	0
Charge for year	<u>62,287</u>	<u>61</u>	<u>32,539</u>	<u>94,887</u>
At 31 December 2017	<u>128,685</u>	<u>128</u>	<u>67,790</u>	<u>196,603</u>
Net book value				
31-Dec-17	<u>494,190</u>	<u>180</u>	<u>29,827</u>	<u>524,197</u>
1-Jan-17	<u>556,477</u>	<u>241</u>	<u>62,366</u>	<u>619,084</u>

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

5. INTANGIBLE ASSETS

Intangible assets	Internally generated Software
	\$0
Cost	
At 1 January 2017	0
Additions	1,386,723
Disposals	0
At 31 December 2017	<u>1,386,723</u>
Depreciation	
At 1 January 2017	0
Disposals	0
Charge for year	<u>68,535</u>
At 31 December 2017	<u>68,535</u>
Net book value	
31-Dec-17	<u>1,318,188</u>
1-Jan-17	<u>0</u>

Development costs have been capitalized in accordance with the requirements of FRS 102. As of 31 December 2017, the Company had capitalized a total of \$669,332 and \$717,392 associated with two software development projects. The projects were completed and put into use in September 2017 and November 2017, respectively. In 2017, the Company recorded a total of \$68,535 of amortization related to these two internally generated software projects on its statements of operations.

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

6. EMPLOYEES AND STAFF COSTS

The average monthly number of employees was:

	2017	2016
	Number	Number
Sales	0	1
IT/Technology	16	22
Underwriting	2	1
Admin	1	1
Finance	1	1
	<u>20</u>	<u>26</u>

Aggregate remuneration comprised:

	2017	2016
	\$	\$
Wages and salaries	4,269,758	4,989,413
Social Security	670,315	711,039
Other Employee benefits	<u>171,508</u>	<u>364,774</u>
	<u><u>5,111,581</u></u>	<u><u>6,065,226</u></u>

7. TAXATION

The tax charge comprises:

	2017	2016
	\$	\$
Corporation tax	71,008	158,969
Deferred tax	<u>58,440</u>	<u>(2,739)</u>
UK corporation tax	<u><u>129,448</u></u>	<u><u>156,230</u></u>

The main UK Corporation Tax rate was reduced to 19.25% for accounting periods commencing on or after 1 April 2017 and 17% for accounting periods commencing on or after 1 April 2020. Hence this will reduce the Company's future current and deferred tax charge.

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

7. TAXATION (cont'd)

	2017	2016
	\$	\$
Current tax on profit		
UK corporation tax	72,521	174,789
Double tax relief	—	—
Foreign tax	—	—
Adjustments in respect of prior years		
UK corporation tax at 19.25 per cent (PY:20 per cent)	(1,513)	(15,820)
Foreign tax	—	—
Total current tax	<u>71,008</u>	<u>158,969</u>
Deferred tax		
Origination and reversal of timing differences	51,325	(10,397)
Effect of increase in tax rate on opening liability	(-)	(5,726)
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	7,115	13,384
Total deferred tax (credit)	<u>58,440</u>	<u>(2,739)</u>
Total tax on profit	<u>129,448</u>	<u>156,230</u>

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

7. TAXATION (cont'd)

Tax on profit (continued)

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

	2017	2016
	\$	\$
Profit before tax	<u>619,024</u>	<u>804,308</u>
Tax on profit at standard UK corporation tax rate of 20 per cent (2016: 20 per cent)	119,141	160,862
Effects of:		
- Expenses not deductible for tax purposes	7,731	1,738
- Income not taxable in determining taxable profit	-	-
Adjustments to tax charge in respect of previous periods	6,594	(15,820)
Adjustments to tax charge in respect of previous-deferred tax	7,115	13,384
- 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 19.25 per cent	(19,211)	(15,341)
Adjust opening deferred tax to average rate of 19.25 per cent	12,429	11,450
Current tax (prior period) exchange difference arising on movement between opening and closing spot rates	(8,107)	-
Current tax (current year) exchange difference arising on movement between opening and closing spot rates	3,756	(43)
Total tax charge for period	<u>129,448</u>	<u>156,230</u>

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

11. Debtor: amount falling due within one year

	2017 \$	2016 \$
Amounts owed by group undertakings	764,473	1,074,089
Prepayments and accrued income	67,608	44,157
Other debtors	44,197	79,811
	<u>876,278</u>	<u>1,198,057</u>

Debtor: amount falling due after one year

	2017 \$	2016 \$
Prepayment and accrued income	363,253	363,253
	<u>363,253</u>	<u>363,253</u>

12. LEASE COMMITMENT

The Company entered into a lease for its corporate premises on 28 October 2015 which has an expiration date of 27 October 2025. The future minimum lease payments under the lease agreement are in the amount of \$2,059,407:

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

	2017 \$	2016 \$
Land and buildings		
Expiring:		
Between one and five years	1,314,515	1,165,978
In excess of five years	<u>744,892</u>	<u>918,932</u>
	<u>2,059,407</u>	<u>2,084,910</u>

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

13. POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the financial year end.

14. 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.

15. IMMEDIATE AND ULTIMATE PARENT COMPANY

The Directors regard Nephila Holdings Limited, a company incorporated in Bermuda, as the ultimate parent company. The smallest and largest group into which the financial statements of Nephila Advisors (UK) Limited are consolidated into is Nephila Holdings Limited. Copies of the group financial statements may be obtained from Nephila Holdings Ltd at 31 Victoria Street, City of Hamilton HM10 in the Islands of Bermuda.