

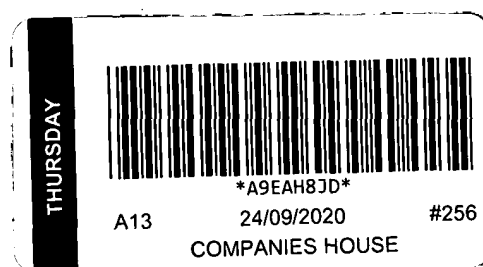
## **Nexus CIFS Limited**

Directors' Report and Financial Statements

Year Ended

31 December 2019

Company Number 08125609



# Nexus CIFS Limited

## Company Information

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<b>Directors</b>	C B Penruddocke A C Ford N Payton C W Thompson R N Marriage S M Rouse K A Morris
<b>Company secretary</b>	T J Furmston
<b>Registered number</b>	08125609
<b>Registered office</b>	52-56 Leadenhall Street London EC3A 2EB
<b>Independent auditor</b>	BDO LLP 150 Aldersgate Street London EC1A 4AB

# Nexus CIFS Limited

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# Nexus CIFS Limited

## Directors' Report For the Year Ended 31 December 2019

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The directors present their report and the financial statements for the year ended 31 December 2019.

The Board can announce that the Company has reported a 8% decrease in revenue to £7.5m (2018 - £8.1m). Company Contribution in 2019 was up 14% to £4.9m (2018 - £4.3m)

### Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 judgements 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.

### Directors

The directors who served during the year were:

C B Penruddocke  
A C Ford  
N Payton  
C W Thompson  
R N Marriage  
S M Rouse  
K A Morris  
R A Lilley (resigned 12 March 2019)  
H J C Morland (resigned 1 April 2019)  
J De C Steele-Perkins (resigned 3 May 2019)  
T C F Coles (resigned 25 March 2019)  
M A Sibthorpe (resigned 22 February 2019)  
M D Holley (resigned 1 February 2020)

# Nexus CIFS Limited

## Directors' Report (continued) For the Year Ended 31 December 2019

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### Brexit

Nexus worked closely with Lloyd's Brussels and our regulators (ACPR and Orias in France, Chamber of Commerce in Germany, IVASS in Italy and the Central bank of Ireland) to ensure that we are operationally ready for a post Brexit world.

Our European Trade Credit business is being conducted through Equinox Global GmbH, who is based in Germany, with branches in Netherlands and France. Nexus Europe SARL, a French legal entity and its UK branch, is authorised to provide service continuity to all other European policyholders across the rest of the Nexus Group in respect of all other Nexus products where needed. Additionally, Nexus Underwriting Insurance Limited – Ireland writes Irish D&O policies and subsidiary Nexus EBA SRL - Italy, writes Italian PI & D&O. Nexus can accommodate company market or Lloyd's Brussels placement of binders.

Despite the challenges to both the new business model and operational areas such as duplicate decentralised effort, additional compliance and regulatory requirements, we leveraged the opportunity to provide additional opportunities and insurance solutions to our clients and Insurer partners, by making Nexus Europe SARL available as the Lloyd's placing broker for those that need the European Broker services.

We have evaluated the Brexit related risks for our business and considered the impact on our reporting and confirm we are able to underwrite all business that we have previously underwritten in mainland Europe via the prescribed route outlined above. We do not believe that the Brexit uncertainty materially affected the judgements and estimates made in the production of these financial statements or the going concern concept.

### COVID-19

The events seen in the first quarter of 2020 have been unprecedented. COVID-19 has touched every corner of the globe and the impact of this pandemic is still being assessed. In Mid-March we successfully moved to remote working arrangements for all our employees across the Group and from an operational perspective all operating systems and controls are working normally and there has been no material disruption to our business.

An early assessment of the COVID-19 impact on the Company's financial activities was undertaken at the end of March 2020 that contained an initial 3 month period of disruption of trading through to the end of June. The assessment looked at all aspects of the business, including Global Government Assistance Schemes, of which the Company has taken part in some, in particular the Coronavirus Job Retention Scheme in the UK.

As expected revenue will be impacted by COVID-19 during 2020 across various lines of business. All capacity provision remains in place and the day to day business of inviting and accepting renewals, and writing new business is continuing as planned. Revenue impact both in the short term and medium term will continue to be monitored throughout the COVID-19 Pandemic and to minimise the impact to the business a number of cost saving measures have been implemented across each entity within the Group to mitigate reductions in the income as far as possible.

Cash flow forecasts have been produced and modelled on the various income reduction impact assessments as well as cost base actions that have been implemented with the aim being to maintain pre COVID-19 cash levels. Current forecasts suggest cash levels at the end of 2020 will be similar as forecasted PRE COVID-19. The Company does however have the ability to utilise the HPS and BPM debt facilities during 2020 should it need to do so.

The business has reviewed the collectability of its 31st December 2019 debtors and at present the position is positive with a considerable amount of the debt already collected since 31st December and cash collections profiles remain strong as at the date of approval of these Report & Accounts. There has been nothing to suggest that debtor recoverability is being affected by COVID-19.

The Group via the Nexus Claims subsidiary is continuing to monitor the number and extent of all COVID-19 claims notifications. A separate reporting function to individually monitor all COVID-19 related claims has been established and is being used to provide our supporting insurers with accurate and timely information.

# Nexus CIFS Limited

## Directors' Report (continued) For the Year Ended 31 December 2019

We continue to monitor closely all developments relating to the coronavirus outbreak and our priorities remain the wellbeing of our employees and delivering an excellent service to our clients.

### Financial instruments

The Company is exposed to financial risk mainly through its insurance contracts. The core components of the financial risk are market risk, credit risk and liquidity risk.

Market risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate due to changes in market prices. Market risk comprises of three types of risk; equity risk, interest rate risk and currency risk.

Credit risk is the risk of potential loss resulting from clients or counterparties who are unable to meet their payment obligations in full when due.

Liquidity risk is the risk that the Company is unable to meet its payment obligations when due, at a reasonable cost.

These risks arise mainly from interest rate, sensitive positions, equity instruments, credit exposures and cash flow patterns.

### Post balance sheet events

The COVID-19 crisis is a non-adjusting post balance sheet event and no adjustments have been made to the financial statements as a result.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

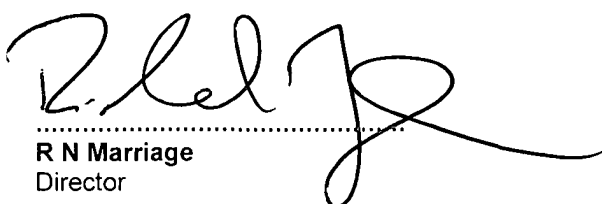
### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....  
R N Marriage  
Director

Date: 22 May 2020

# **Nexus CIFS Limited**

## **Independent Auditor's Report to the Members of Nexus CIFS Limited**

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### **Opinion**

We have audited the financial statements of Nexus CIFS Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 United Kingdom, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

# **Nexus CIFS Limited**

## **Independent Auditor's Report to the Members of Nexus CIFS Limited (continued)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and financial statements, 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 this regard.

### **Opinion 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.

### **Matters on which we are required to report by exception**

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 material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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; 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.



# Nexus CIFS Limited

## Independent Auditor's Report to the Members of Nexus CIFS Limited (continued)

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### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 1, 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](http://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.



**Thomas Reed** (Senior Statutory Auditor)  
for and on behalf of BDO LLP Statutory auditor

150 Aldersgate Street  
London  
EC1A 4AB

Date: 31 May 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Nexus CIFS Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	7,516,460	8,132,440
<b>Gross profit</b>		<u>7,516,460</u>	<u>8,132,440</u>
Administrative expenses		(5,181,565)	(6,989,759)
<b>Operating profit</b>	5	<u>2,334,895</u>	<u>1,142,681</u>
Interest receivable and similar income		447	8,912
Interest payable and similar charges		(675,972)	(849,534)
<b>Profit before tax</b>		<u>1,659,370</u>	<u>302,059</u>
Tax on profit	9	(344,802)	(62,408)
<b>Profit for the financial year</b>		<u>1,314,568</u>	<u>239,651</u>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<u>1,314,568</u>	<u>239,651</u>

The notes on pages 10 to 20 form part of these financial statements.

**Nexus CIFS Limited**  
Registered number: 08125609

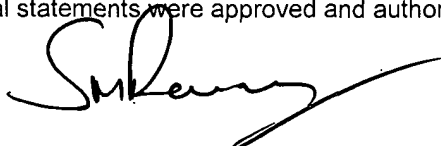
**Statement of Financial Position**  
As at 31 December 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	10	5,743	57,192
Tangible assets	11	924	-
		<u>6,667</u>	<u>57,192</u>
<b>Current assets</b>			
Debtors	12	4,282,453	3,580,304
Cash at bank and in hand	13	203,634	1,388,423
		<u>4,486,087</u>	<u>4,968,727</u>
Creditors: amounts falling due within one year	14	(1,240,502)	(886,057)
<b>Net current assets</b>		<u>3,245,585</u>	<u>4,082,670</u>
<b>Total assets less current liabilities</b>		<u>3,252,252</u>	<u>4,139,862</u>
Creditors: amounts falling due after more than one year	15	(1,409,469)	(1,425,930)
<b>Provisions for liabilities</b>			
Other provisions	18	-	(440,697)
		<u>-</u>	<u>(440,697)</u>
<b>Net assets</b>		<u><u>1,842,783</u></u>	<u><u>2,273,235</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	10,583	10,583
Share option reserve	20	4,980	-
Other reserves	20	3,443	3,443
Profit and loss account	20	1,823,777	2,259,209
		<u><u>1,842,783</u></u>	<u><u>2,273,235</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

S M Rouse  
Director



Date: 22 May 2020

The notes on pages 10 to 20 form part of these financial statements.

# Nexus CIFS Limited

## Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Share option reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
<b>At 1 January 2018</b>	<b>10,583</b>	<b>-</b>	<b>3,443</b>	<b>2,019,558</b>	<b>2,033,584</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	239,651	239,651
<b>At 1 January 2019</b>	<b>10,583</b>	<b>-</b>	<b>3,443</b>	<b>2,259,209</b>	<b>2,273,235</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,314,568	1,314,568
<b>Contributions by and distributions to owners</b>					
Dividends paid	-	-	-	(1,750,000)	(1,750,000)
Share options	-	4,980	-	-	4,980
<b>At 31 December 2019</b>	<b>10,583</b>	<b>4,980</b>	<b>3,443</b>	<b>1,823,777</b>	<b>1,842,783</b>

The notes on pages 10 to 20 form part of these financial statements.

# Nexus CIFS Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of the Company for the year ended 31 December 2019 and are presented to the nearest pound.

The continuing activities of Nexus CIFS Limited is that of a company continuing to write short and medium term Trade Credit and since 2014 the addition of Single Situation Credit, Contract Frustration & Political Risks.

The Company is a United Kingdom private company limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of its registered office is 52-56 Leadenhall Street, London, EC3A 2EB.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Foreign currency translation

The Company has a presentation currency of Pound Sterling.

The Company has determined that the Pound Sterling is its functional currency, as this is the currency of the economic environment in which the Company predominantly operates.

Transactions in currencies other than Pound Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on exchange are included in the profit or loss statement. The Company does not operate in a hyper-inflationary economy.

#### 2.3 Turnover

Insurance agency commissions and non-risk related income received or receivable are recognised as turnover by the Company on the effective commencement or renewal dates of the related policies. Income receivable from multiyear policies which renew on an annual basis is recognised annually at the anniversary of the original inception.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

# Nexus CIFS Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.4 Goodwill

Goodwill arising on acquisition is capitalised in the balance sheet at cost less any provision for impairment, and is amortised through the profit and loss account in equal instalments over a maximum of three years being the period over which benefit is expected to be derived. Legal fees directly attributable have also been included within goodwill.

Deferred consideration has been recognised on the estimated cost of the acquisition.

#### 2.5 Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# Nexus CIFS Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.6 Financial Assets and Liabilities

##### *General*

Financial instruments are recognised on the Company's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value, which generally equates to acquisition cost, which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below.

##### *Classification*

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

##### *Subsequent measurement*

At the end of each reporting period, debt instruments classified as basic are measured at amortised cost using the effective interest rate method. Investments in preference and ordinary shares classified as basic financial instruments, and all financial instruments classified as 'other' are, at the end of the reporting period, measured at fair value with the resulting changes recognised in profit or loss. Where their fair value cannot be reliably measured, they are recognised at cost less impairment.

##### *Derecognition*

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the group has transferred substantially all the risks and rewards of ownership. Financial liabilities are de-recognised only once the liability has been extinguished through discharge, cancellation or expiry.

#### 2.7 Going concern

The directors of the Company are currently assessing the impact of COVID-19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the impact on the Company, its customers, employees and suppliers. The directors are continually reviewing their plans and forecasts and believe that the going concern basis is appropriate. Based on the stress testing and forward looking forecasts performed, Management do not consider that there is a material uncertainty with regards to going concern at the date of approval.

#### 2.8 Debtors

Trade debtors are commission amounts due relating to the underwriting of insurance business in the ordinary course of business. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoice price, less any allowances for doubtful debts.

#### 2.9 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

Cash and cash equivalents are measured at fair value.

#### 2.10 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of taxation, from the proceeds.

# Nexus CIFS Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.11 Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as creditors falling due after one year.

Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.12 Employee Benefits

##### *Retirement benefit obligations*

The Company has a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

#### 2.13 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

#### 2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.



# Nexus CIFS Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.15 Leases

##### General

Leases are classified as finance leases when the terms of the lease transfer substantially all of the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

##### Activities as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Assets held under finance leases are recognised as assets of the Company at the lower of the assets fair value at the date of acquisition and the present value of the minimum lease payments. The related liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

#### 2.16 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### 2.17 Taxation

The Income tax expense represents the sum of the current and deferred tax.

The charge for current tax is based on the result for the year, adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Current and deferred tax is recognised in the same component of the income statement, other comprehensive income or equity as the transaction or event that resulted in the tax expense or income.

Deferred tax is the tax expected to be payable or recoverable on differences between taxable profits and the total comprehensive income as reported in the financial statements.

Deferred tax liabilities are recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor the total comprehensive income.

# Nexus CIFS Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 2. Accounting policies (continued)

#### 2.16 Taxation (continued)

Deferred tax liabilities are recognised for timing differences arising on investments in subsidiaries, associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that been enacted, or substantively enacted, and are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

A change in deferred tax assets and liabilities as a result of a change in the tax rates or laws are recognised in profit and loss or other comprehensive income to the extent that it relates to items previously recognised in other comprehensive income.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates

### 4. Turnover

Turnover consists of underwriting commission and administrative fees which are all earned in the United Kingdom.

### 5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	-	83,719
Amortisation of intangible assets	53,009	-
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	13,500	13,500
Defined contribution pension cost	142,223	178,289

# Nexus CIFS Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>13,500</u>	<u>13,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

### 7. Employees

The average monthly number of employees, including directors, during the year was 20 (2018 -26).

### 8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	460,987	738,787
Directors' pension costs - defined contribution scheme	11,381	25,518
	<u>472,368</u>	<u>764,305</u>

### 9. Taxation

	2019 £	2018 £
<b>UK corporation tax</b>		
Current tax on profits for the year	335,161	62,408
Adjustments in respect of previous periods	9,641	-
	<u>344,802</u>	<u>62,408</u>
<b>Taxation on profit on ordinary activities</b>	<u>344,802</u>	<u>62,408</u>

#### Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2018 - 19%).

# Nexus CIFS Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 10. Intangible assets

	Development expenditure £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2019	360,520	440,696	801,216
Additions	1,560	-	1,560
At 31 December 2019	362,080	440,696	802,776
<b>Amortisation</b>			
At 1 January 2019	303,328	440,696	744,024
Charged for the year	53,009	-	53,009
At 31 December 2019	356,337	440,696	797,033
<b>Net book value</b>			
At 31 December 2019	5,743	-	5,743
At 31 December 2018	57,192	-	57,192

### 11. Tangible fixed assets

	Office equipment £
<b>Cost</b>	
Additions	924
At 31 December 2019	924
<b>Net book value</b>	
At 31 December 2019	924
At 31 December 2018	-

# Nexus CIFS Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 12. Debtors

	2019 £	2018 £
Trade debtors	2,325,261	1,063,282
Amounts owed by group undertakings	1,685,156	1,528,122
Other debtors	9,476	441,532
Prepayments and accrued income	262,560	547,368
	<u>4,282,453</u>	<u>3,580,304</u>

### 13. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>203,634</u>	<u>1,388,423</u>

### 14. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	206,015	466,326
Amounts owed to group undertakings	705,449	40,050
Corporation tax	161,156	-
Other taxation and social security	60,293	73,862
Other creditors	27,470	45,427
Accruals and deferred income	80,119	260,392
	<u>1,240,502</u>	<u>886,057</u>

The average credit period on purchases of goods and services approximates 30 days. No interest is charged on overdue payables. The Company has financial risk management policies in place to ensure all payables are paid within the agreed credit terms.

### 15. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other creditors	<u>1,409,469</u>	<u>1,425,930</u>

# Nexus CIFS Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 16. Post-employment benefit plans

The Company operates a defined contribution pension plan for eligible employees.

Defined contribution pension plan:

During the year the Company recognised an expense in profit or loss of £142,223 (2018 - £178,289) in relation to the defined contribution pension plans.

### 17. Information about director's benefits: advances, credit and guarantees

Nexus CIFS Limited has no advances and credits granted to the directors by itself or by any of its subsidiary undertakings, and has made no guarantees of any kind entered into on behalf of the directors of the parent company, by itself or by any of its subsidiary undertakings.

### 18. Provisions

	Deferred consideration £
At 1 January 2019	440,697
Charged to profit or loss	(440,697)
At 31 December 2019	-

### 19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
10,583 Ordinary shares of £1 each	10,583	10,583

### 20. Reserves

#### Other reserves

This represents capital contributed by the owners of the Company.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

#### Share option reserve

This represents the accumulated share based payment charge related to the share option scheme.

# Nexus CIFS Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 21. Charges and guarantees

On the 10th July 2017, the Company and certain of its fellow group undertakings acceded to a Debenture between Nexus Underwriting Management Limited, Wilmington Trust (London) Limited (the Agent) and CSL Fund (PB) Lux S.a.r.l. II (the lender) and provided a guarantee and charged their assets by way of fixed and floating charges as security for the obligations under the Debenture.

On the same date, the Company and certain of its fellow group undertakings acceded to a Loan Agreement between Nexus Underwriting Management Limited and B.P. Marsh & Company Limited, and provided a guarantee by the way of fixed and floating charges as security under the loan agreement. The charge is subordinated to the interests of the above.

On the 26th March 2019, the Company and certain of its fellow group undertakings acceded to a new £14m facility between Nexus Underwriting Management Limited, Wilmington Trust (London) Limited (the Agent) and CSL Fund (PB) Lux S.a.r.l. II (the lender).

On the same date, the Company and certain of its fellow group undertakings acceded to a short term revolving facility of £2m between Nexus Underwriting Management Limited and B.P. Marsh & Company Limited and all amounts borrowed under the facility will be secured by the way of the debenture granted by Nexus in favour of B.P. Marsh & Company Limited.

The outstanding amount under the Debenture as at 31 December 2019 was £31,809,348.

The outstanding amount under the Loan agreement and the short term revolving facility as at 31 December 2019 was £6,073,054.

### 22. Related party transactions

The Company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose related party transactions with other wholly owned members of the group.

### 23. Post balance sheet events

The COVID-19 crisis is a non-adjusting post balance sheet event and no adjustments have been made to the financial statements as a result.

### 24. Controlling party

The ultimate controlling party is Nexus Underwriting Management Limited by virtue of its 100% shareholding in the Company.

The consolidated accounts for the group are available from 52-56 Leadenhall Street, London, EC3A 2EB.