

Registered number: 07055310

NEXUS EXECUTIVE RISKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014



NEXUS EXECUTIVE RISKS LIMITED

COMPANY INFORMATION

DIRECTORS	A C Ford H J C Morland C W Thompson I M Whistondale
COMPANY SECRETARY	K L Cambridge
REGISTERED NUMBER	07055310
REGISTERED OFFICE	150 Leadenhall Street London EC3V 4QT
INDEPENDENT AUDITORS	Moore Stephens LLP Statutory Auditor 150 Aldersgate Street London EC1A 4AB

NEXUS EXECUTIVE RISKS LIMITED

CONTENTS

	Page
Strategic Report	1
Directors' Report	2 - 3
Directors' Responsibilities Statement	4
Independent Auditors' Report	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the Financial Statements	11 - 24

NEXUS EXECUTIVE RISKS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

BUSINESS REVIEW

Nexus Executive Risks Limited is a wholly owned subsidiary of Nexus Underwriting Management Limited.

At the end of April 2014, the Group successfully completed a transfer of all its non trade credit operations into one trading entity, Nexus Underwriting Limited, to simplify their operating environment for brokers and solidify the Nexus brand. The Group would now operate two underwriting subsidiaries, Nexus CIFS Limited for Trade Credit and the newly branded Nexus Underwriting Limited for all other classes of businesses, simplifying the Company's structure and enhancing their service levels and product focus.

Where a Binding Authority Agreement only referenced Nexus Professional Risks or Nexus Executive Risks (two wholly owned subsidiaries of the Group) endorsements were raised, where appropriate, to add Nexus Underwriting Limited as an additional coverholder, in order to cater for business bound after the transfer of business whilst maintaining the previous entity for administration purposes.

This report was approved by the board on 30 September 2015 and signed on its behalf.

A C Ford
Director



NEXUS EXECUTIVE RISKS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

The company will continue to write various financial lines insurance.

RESULTS AND DIVIDENDS PROPOSED

The loss for the year, after taxation, amounted to £373,358 (2013 - profit £70,484).

No dividends have been declared.

DIRECTORS

The directors who served during the year were:

A C Ford
H J C Morland
C W Thompson
I M Whistondale

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.

NEXUS EXECUTIVE RISKS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

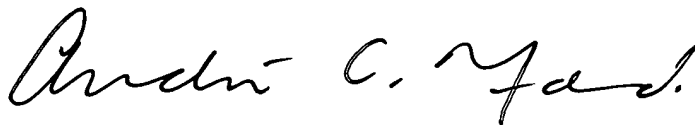
- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Moore Stephens LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 September 2015 and signed on its behalf.

A C Ford
Director



NEXUS EXECUTIVE RISKS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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;
- 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.

NEXUS EXECUTIVE RISKS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEXUS EXECUTIVE RISKS LIMITED

We have audited the financial statements of Nexus Executive Risks Limited for the year ended 31 December 2014, set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

NEXUS EXECUTIVE RISKS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEXUS EXECUTIVE RISKS LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Gallagher (Senior Statutory Auditor)

for and on behalf of
Moore Stephens LLP

Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

Date:

30/9/2015



NEXUS EXECUTIVE RISKS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
Turnover	4	649,162	2,909,284
Gross profit		649,162	2,909,284
Administrative expenses		(1,022,520)	(2,792,237)
Operating loss	5	(373,358)	117,047
Taxation on loss on ordinary activities	8	-	(46,563)
Loss for the financial year		(373,358)	70,484
Other comprehensive income for the year		(373,358)	70,484

The notes on pages 11 to 24 form part of these financial statements.

NEXUS EXECUTIVE RISKS LIMITED
REGISTERED NUMBER:07055310

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	9	-	1,168
		<u>-</u>	<u>1,168</u>
Current assets			
Debtors: Amounts falling due within one year	10	1,507,648	1,286,122
Cash at bank and in hand		15,065	29,841
		<u>1,522,713</u>	<u>1,315,963</u>
Creditors: Amounts falling due within one year	15	(1,521,231)	(942,291)
Net current assets		<u>1,482</u>	<u>373,672</u>
Net assets		<u><u>1,482</u></u>	<u><u>374,840</u></u>
Capital and reserves			
Called up share capital	12	10,000	10,000
Capital contribution	13	57,553	57,553
Profit and loss account		(66,071)	307,287
		<u>1,482</u>	<u>374,840</u>

The company's financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

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

20 September 2015

A C Ford
Director

Andrew C. Ford

The notes on pages 11 to 24 form part of these financial statements.

NEXUS EXECUTIVE RISKS LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014**

	Share capital £	Capital contribution £	Retained earnings £	Total equity £
At 1 January 2014	10,000	57,553	307,287	374,840
Comprehensive income for the year				
Loss for the year	-	-	(373,358)	(373,358)
Total comprehensive income for the year	-	-	(373,358)	(373,358)
At 31 December 2014	10,000	57,553	(66,071)	1,482

NEXUS EXECUTIVE RISKS LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2013**

	Share capital £	Capital contribution £	Retained earnings £	Total equity £
At 1 January 2013	10,000	57,553	236,803	304,356
Comprehensive income for the year				
Profit for the year	-	-	70,484	70,484
Total comprehensive income for the year	-	-	70,484	70,484
At 31 December 2013	10,000	57,553	307,287	374,840

The notes on pages 11 to 24 form part of these financial statements.

NEXUS EXECUTIVE RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Financial Reporting Standard 102 as issued by the Financial Reporting Council. They are presented in Pounds Sterling.

The financial statements have been prepared on the historical cost basis.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the company. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

1.2 FOREIGN CURRENCY TRANSLATION

The Company has a presentation currency of Pound Sterling (GBP).

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

Transactions in currencies other than GBP 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 profit or loss. The company does not operate in a hyper-inflationary economy.

1.3 REVENUE

Insurance agency commission received or receivable that do not require the agent to render further service are recognised as revenue by the agent on the effective commencement or renewal dates of the related policies. However, when it is probable that the agent will be required to render further services during the life of the policy, the agent defers the commission, or part of it, and recognises it as revenue over the period during which the policy is in force.

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

NEXUS EXECUTIVE RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.4 TAXATION

Income tax expense represents the sum of the current tax 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.

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. For land and revalued investment property deferred tax is calculated on the presumption that recovery is through sale. 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.

NEXUS EXECUTIVE RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Depreciation is charged on assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

The estimated useful lives range as follows:

Office equipment	-	4	years
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Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

1.6 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 EXECUTIVE RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.7 FINANCIAL ASSETS AND LIABILITIES

General

Financial instruments are recognised on the Group'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.

Investments

Investments in securities are recognised at trade date (the date the Group is committed to purchase or sell a financial instrument).

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 derecognised inly once the liability has been extinguished through discharge, cancellation or expiry.

1.8 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.

NEXUS EXECUTIVE RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on 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.

1.10 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.

1.11 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 cost effective method.

1.12 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.

1.13 SHARE-BASED PAYMENTS

Equity compensation plans

Executive directors and senior management have been granted share options under the Group share option scheme. At grant date, the fair value of the options is measured, and recognised over

NEXUS EXECUTIVE RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

the period until the options vest as an employment expense, with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The total amount to be expensed is determined by reference to the fair value of the options granted (a) including any market performance conditions; (b) excluding the impact of any service and non-market performance vesting conditions, such as profitability levels, sales growth targets and continuing service; and (c) including the impact of any non-vesting conditions, such as any savings requirements.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on meeting service and non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

1.14 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.

1.15 DIVIDEND DISTRIBUTIONS

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

NEXUS EXECUTIVE RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent 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.

2.1 Critical accounting estimates and assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed as follows:

Estimates:

Profit commissions

The company recognised profit commissions in the year of £nil (2013: 429,712). The profit commissions have been calculated in accordance with the terms of the relevant underwriting agreements. Whilst this represents a best estimate based on current information the ultimate claims and agreed profit commission may vary.

3. FINANCIAL RISK MANAGEMENT

General

The Company has exposure to the following risks from its use of financial instruments:

- Interest rate risk
- Liquidity risk
- Foreign currency risk
- Credit risk
- Capital risk
- Cash flow Risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. There have been no changes to the company's exposures to risk or the methods used to measure and manage these risks during the year.

The company's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. It is company policy to finance working capital through retained earnings.

3.1 INTEREST RATE RISK

The company's exposure to interest rate risk is minimal.

NEXUS EXECUTIVE RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

3.2 LIQUIDITY RISK

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are maintained.

The company has not made any guarantees of third party or related party actual or potential obligations.

3.3 FOREIGN CURRENCY RISK

The company operates internationally and its exposures to foreign currency exchange risk arise primarily with respect to the US Dollar and the Euro.

These exposures are classified as operational foreign exchange risk through routinely entering into Insurance, serving international communities where rights and obligations are denominated in currencies other than GBP.

The company's risk appetite permits the acceptance of foreign exchange movements within defined exchange rate parameters, exchange rate derivatives are used when appropriate to shield the company against significant movement.

3.4 CREDIT RISK

The concentrations of credit risk exposures held by insurers may be expected to be greater than those associated with other industries, due to the specific nature of insurance markets.

The company interacts with a number of counterparties who are engaged in similar activities with similar customer profiles, and often in the same geographical areas and industry sectors.

The exposure to individual counterparties is managed by various mechanisms, such as the right of offset where counterparties are both debtors and creditors of the company and obtaining collateral from unrated counterparties. Management information reports detail provisions for impairment on receivables and subsequent write-off. Exposures to individual intermediaries and groups of intermediaries are collected within the ongoing monitoring of the controls. The company has recently enhanced its credit control team with a view to further risk mitigation by accelerating its debt collection procedures.

3.5 CAPITAL RISK

The Board's policy is to maintain and develop a strong a flexible capital base in order to maintain investor and creditor confidence. Similar policies apply also to individual business segments so as to minimise demands for routine trading activities on finance obtained at Company level. This is seen as important for the sustenance of future developments in the business and the maintenance of flexibility of capital management strategies.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or realise assets in order to reduce debt.

NEXUS EXECUTIVE RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

3.6 CASH FLOW RISK

The company's working capital comprises principally debtors, creditors and cash. It is the company's policy not to fund any insurance transaction thereby minimising any credit exposure to these insurance balances. Insurance balances are denominated in various currencies, predominantly Sterling, US Dollars and Euros.

4. ANALYSIS OF TURNOVER

Turnover consists entirely of underwriting commission earned in the United Kingdom.

5. OPERATING (LOSS)/PROFIT

The operating (loss) is stated after charging/(crediting):

	2014 £	2013 £
Depreciation and amortisation - tangible fixed assets	1,168	900
Auditors' remuneration - audit	18,750	22,500
Auditors' remuneration - audit - tax compliance	-	4,950
	<u> </u>	<u> </u>

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	490,962	1,882,071
Cost of defined contribution scheme	-	38,158
Admin - compensation for loss of office	-	31,796
	<u>490,962</u>	<u>1,952,025</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
The average number of employees	<u>2</u>	<u>8</u>

7. DIRECTORS' REMUNERATION

	2014 £	2013 £
Directors' emoluments	<u>50,766</u>	<u>170,051</u>

NEXUS EXECUTIVE RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

8. TAXATION

	2014 £	2013 £
UK corporation tax		
Current tax on profits for the year	-	46,326
Adjustments in respect of previous periods	-	237
Foreign tax		
Total current tax	<u>-</u>	<u>46,563</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>46,563</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2013 - *lower than*) the standard rate of corporation tax in the UK of 21% (2013 - 23%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>(373,358)</u>	<u>117,047</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2013 - 23%)	(78,390)	27,213
Effects of:		
Tax effect of expenses not deductible in determining taxable profits	-	19,113
Utilisation of tax losses	78,390	-
Corporation tax - prior periods	-	237
Current tax charge for the year	<u>-</u>	<u>46,563</u>

NEXUS EXECUTIVE RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

9. TANGIBLE FIXED ASSETS

	Office equipment £
Cost or valuation	
At 1 January 2014	5,504
At 31 December 2014	<u>5,504</u>
Depreciation	
At 1 January 2014	4,336
Charge owned for the period	1,168
At 31 December 2014	<u>5,504</u>
Net book value	
At 31 December 2014	<u>-</u>
<i>At 31 December 2013</i>	<u>1,168</u>

10. DEBTORS

	2014 £	2013 £
Due within one year		
Trade debtors	1,021,287	840,854
Amounts owed by group companies	22,154	-
Other debtors	-	15,336
Prepayments and accrued income	464,207	429,932
	<u>1,507,648</u>	<u>1,286,122</u>

NEXUS EXECUTIVE RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

11. CASH AND CASH EQUIVALENTS

	2014 £	2013 £
Cash at bank and in hand	15,065	29,841
	15,065	29,841

A number of bank accounts are operated on behalf of insurers. These accounts include money held for the benefit of insurers in accordance with the terms of the underlying agreements and are not included in the cash and cash equivalent of Nexus Executive Risks Limited.

12. SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid		
10,000 ordinary shares shares of £1 each	10,000	10,000

13. CAPITAL CONTRIBUTION

Share based payments charge (See note 14)	57,553	57,553
	57,553	57,553

NEXUS EXECUTIVE RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

14. SHARE-BASED PAYMENTS

Share option scheme

37,500 B share options were granted to staff employed by the group by Nexus Underwriting Management Limited on 8 July 2013, these share options vested immediately.

32,500 C share options were granted to staff employed by the group by Nexus Underwriting Management Limited on 8 July 2013, these share options vested immediately.

The expense allocated to Nexus Executive Risks Limited of £nil (2013: £31,796) for the year has been included in administrative expenses.

15. CREDITORS: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	51,909	121,542
Amounts owed to group undertakings	1,419,721	564,446
Corporation tax	34,027	129,530
Taxation and social security	-	32,083
Other creditors	-	47,614
Accruals and deferred income	15,574	47,076
	<u>1,521,231</u>	<u>942,291</u>

Included in amounts due to group companies are amounts due to related parties which consists of the following amounts due to the holding company:

Nexus Underwriting Management Limited - £1,414,765 (2013: £564,446)

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 £8,102 (2013: £38,158) in relation to the defined contribution pension plans.

NEXUS EXECUTIVE RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

17. RELATED PARTIES

The immediate parent of the Company is Nexus Underwriting Management Limited, incorporated in the United Kingdom.

Details of transactions between the Company and other related parties are given below.

Trading transactions and balances:

During the year, the Company entered into the following trading transactions with related parties: Management fees recharged from Nexus Underwriting Management Limited to Nexus Executive Risks Limited amounted to £430,170 (2013: £1,571,369) during the year.

During the year the following dividends were paid to the holding company:

Nexus Underwriting Management Limited - £nil (2013: £900,000)

Outstanding balances owed or owed from related parties are listed in the Debtors note 10 and Creditors note 15.

18. INFORMATION ABOUT DIRECTOR'S BENEFITS: ADVANCES, CREDIT AND GUARANTEES

Nexus Executive Risks Limited has no advances and credits granted to the directors by itself or by any of the group companies, 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 the group companies.

19. SHARE-BASED PAYMENTS

Equity compensation plans

In accordance with FRS102:

Executive directors and senior management have been granted share options under the Group share option scheme. At grant date, the fair value of the options is measured, and recognised over the period until the options vest as an employment expense, with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The total amount to be expensed is determined by reference to the fair value of the options granted (a) including any market performance conditions; (b) excluding the impact of any service and non-market performance vesting conditions, such as profitability levels, sales growth targets and continuing service; and (c) including the impact of any non-vesting conditions, such as any savings requirements.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on meeting service and non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.