

**AXA SERVICES LIMITED**  
**Annual Financial Report**  
**for the year ended 31 December 2017**



# **AXA Services Limited**

## **Contents**

Company information	1
Strategic Report	2
Directors' Report	4
Independent Auditor's Report	7
Profit and Loss Account	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

# **AXA Services Limited**

## **Company Information**

### **Directors**

B. Poupart-Lafarge

### **Company Secretary**

J. P. Small

### **Independent Auditor**

Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

# AXA Services Limited

## Strategic Report

The directors present their Strategic Report on AXA Services Limited (“the Company”) for the year ended 31 December 2017.

## REVIEW OF THE BUSINESS

The Company's principal and ongoing activity is to provide services to other companies in the AXA Group. Costs incurred by the Company in discharging these functions are recoverable from group undertakings. It is the main employing company of the AXA UK Group.

### Results and performance

The profit for the year after tax was £1,000 (2016: profit £1,000), representing interest received on deposits.

### Strategy

The Company has a clear strategic business model focusing on the provision of services to other companies in the AXA UK Group. The Company will continue to fulfil its function as a service company by recharging expenses to the respective entities.

### Key performance indicators (“KPIs”)

The Board monitors the progress of the Company by reference to the following KPIs:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Revenue and recharge of administration expenses	£425,942	£487,017
Net assets	£3,532	£3,531

## PRINCIPAL RISKS AND UNCERTAINTIES

The AXA UK Group has an established process for risk acceptance and risk management, which is addressed through a framework of policies, procedures and internal controls. All policies are subject to ongoing review by management, risk management and group internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Company and the compliance and finance teams take on an important oversight role in this regard. Line management is responsible for maintaining an internal control framework to manage financial and operational risks, which is monitored regularly to ensure the completeness, accuracy and integrity of the Company's financial information.

The principal risk would arise from failure by a group entity to settle a recharge of allocated expenses. This risk is within the control of management and strategies are communicated clearly throughout the business through policy statements and guidelines.


## **AXA Services Limited**

**Strategic Report (continued)**

### **FUTURE DEVELOPMENTS**

No change in the activities of the Company is planned for the foreseeable future.

Signed on behalf of the Board by



**B. Poupart-Lafarge**

Director

25 April 2018

## **AXA Services Limited**

### **Directors' Report**

The directors present their report and the audited financial statements for the year ended 31 December 2017.

### **FUTURE DEVELOPMENTS**

Future developments are discussed in the Strategic Report.

### **GOING CONCERN**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The Company has considerable financial resources and detailed budgets, plans and forecasts have been prepared and reviewed setting out the continued financial position of the Company for the next 12 months and a strategic plan to 2020. There are no material uncertainties relating to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. Consequently, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial report.

### **DIVIDENDS**

The directors do not recommend the payment of a dividend for the year ended 31 December 2017 (2016: £nil).

### **DIRECTORS**

The directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 1. The directors who have served for part of the year are given below:

B. E. McCafferty was appointed as a director of the Company on 12 July 2017 and resigned on 30 January 2018.

W. U. Malik resigned as a director of the Company on 31 March 2018.

A. J. Blanc resigned as a director of the Company on 10 April 2018.

### **Directors' qualifying third party and pension scheme indemnity provisions**

The Company is party to a group wide indemnity policy which benefits all of its current directors and is a qualifying third party indemnity provision for the purpose of the Companies Act 2006.

The indemnity was in force during the year and at the date of approval of the financial statements.

### **EMPLOYEES**

The Company is committed to a policy of equal opportunity in recruitment, training, career development and promotion of staff, irrespective of gender, marital status, ethnicity, sexual orientation and religion. Full and fair consideration is also given to disabled persons, including the rehabilitation and retention of staff who become disabled, having regard to their particular aptitudes and abilities.

Great importance is placed on good communication with employees and in seeking to inform and involve staff in the development of the AXA UK Group operations and in the achievement of the global business goals.

## **AXA Services Limited**

### **Directors' Report (continued)**

#### **EMPLOYEES (continued)**

A full range of written, audio, video and regular face-to-face communications, including team briefings, regular appraisals, company news briefings and various bulletins is used. Regular consultation is maintained with independent and certified trade unions on the complete range of employment and business issues.

#### **BRANCHES OUTSIDE THE UK**

The Company does not operate branches outside the UK.

#### **RESEARCH AND DEVELOPMENT**

The AXA UK Group has a significant in-house IT function and in line with the Group strategy a key focus is on design and development of new and improved IT processes and platforms, elements of this work constitute research and development.

#### **POLITICAL DONATIONS**

The Company made no donations for political purposes.

#### **EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The Company has no post balance sheet events which require disclosure.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

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;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, 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.

## **AXA Services Limited**

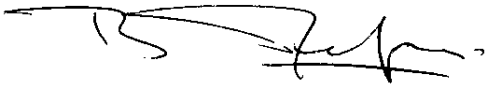
### **Directors' Report (continued)**

#### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR**

Each director in office at the date the Directors' Report is approved confirms that:

- a) so far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- b) he/she 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.

Signed on behalf of the Board by



**B. Poupart-Lafarge**

Director

25 April 2018



# **AXA Services Limited**

## **Independent Auditor's Report**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXA SERVICES LIMITED**

#### **Opinion**

We have audited the financial statements of AXA Services Limited (the "Company") for the period ended 31 December 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, 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 FRS 101 'Reduced Disclosure Framework' (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 2017 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 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.

#### **Use of the audit 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.

#### **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.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Financial Report, other than the financial statements and our auditors' 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.

## **AXA Services Limited**

### **Independent Auditor's Report (continued)**

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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In 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 Strategic Report or the Directors' Report.

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.

### **Responsibilities of Directors**

As explained more fully in the statement of directors' responsibilities set out on page 5, 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.

## **AXA Services Limited**

### **Independent Auditor's Report (continued)**

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.



**Steve Liddell (Senior Statutory Auditor)**

for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD

25 April 2018

**AXA Services Limited****Profit and Loss Account  
for the year ended 31 December 2017**

	Note	2017 £'000	2016 £'000
Revenue	2	<b>425,942</b>	487,017
Administrative expenses	3	<b>(425,942)</b>	(487,017)
<b>Profit on ordinary activities before interest and taxation</b>		-	-
Other interest receivable and similar income	6	<b>1</b>	1
<b>Profit on ordinary activities before taxation</b>		<b>1</b>	1
Tax on profit on ordinary activities	7	-	-
<b>Profit for the financial year</b>		<b>1</b>	1

All transactions relate to continuing operations.

The Company had no recognised gains or losses during the year other than those recognised in the Profit and Loss Account (2016: £nil). Therefore, the Company has elected not to present a Statement of Comprehensive Income for the year ended 31 December 2017.

The information on pages 13 to 24 forms an integral part of these financial statements.

**AXA Services Limited****Balance Sheet  
as at 31 December 2017**

	Note	2017 £'000	2016 £'000
<b>Fixed Assets</b>			
Equipment	8	5	18
<b>Debtors</b>			
Current tax assets		-	186
Amounts owed by group undertakings	9	194,440	142,184
Other debtors	9	12,234	18,472
Deferred tax	10	11,519	9,977
		<b>218,193</b>	170,819
<b>Cash in bank and on hand</b>		-	5,858
<b>Creditors: amounts falling due within one year</b>			
Overdrafts	11	(432)	-
Amounts owed to group undertakings	11	(82,834)	(37,832)
Other creditors including taxation and social security	11	(19,026)	(19,693)
Accruals and deferred income	12	(112,374)	(115,639)
		<b>(214,666)</b>	(173,164)
<b>Net current assets</b>		<b>3,527</b>	3,513
<b>Total assets less current liabilities</b>		<b>3,532</b>	3,531
<b>Equity</b>			
Share capital	13	522	522
Profit and loss account		3,010	3,009
<b>Equity shareholders' funds</b>		<b>3,532</b>	3,531

The financial statements on pages 10 to 24 were approved and authorised for issued by the Board of Directors on 25 April 2018 and were signed on behalf of the board by:



**B. Poupart-Lafarge**  
Director

**AXA Services Limited****Statement of Changes in Equity  
for the year ended 31 December 2017**

	<b>Share capital £'000</b>	<b>Profit and Loss account £'000</b>	<b>Total £'000</b>
<b>2017</b>			
Balance as at 1 January	522	3,009	3,531
Profit for the year	-	1	1
<b>Balance as at 31 December</b>	<b>522</b>	<b>3,010</b>	<b>3,532</b>

	<b>Share capital £'000</b>	<b>Profit and Loss account £'000</b>	<b>Total £'000</b>
<b>2016</b>			
Balance as at 1 January	522	3,008	3,530
Profit for the year	-	1	1
<b>Balance as at 31 December</b>	<b>522</b>	<b>3,009</b>	<b>3,531</b>

The information on pages 13 to 24 forms an integral part of these financial statements.

# AXA Services Limited

## Notes to the Financial Statements as at 31 December 2017

### General information

The Company provides services to companies in the AXA Group. Costs incurred by the Company in discharging these functions are recoverable from group undertakings. The Company is the main employer for staff in the AXA UK Group.

The Company is a private limited company under the Companies Act 2006, with the entire share capital held by its parent Guardian Royal Exchange plc, which is incorporated and domiciled in the United Kingdom ("UK"). The address of its registered office is 5 Old Broad Street, London, EC2N 1AD.

### 1. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### I. Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires management to monitor and exercise judgment in the selection and application of appropriate accounting policies and in the use of accounting estimates. Those areas that could have a significant impact to the financial statements are set out on accounting policy X.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- (a) IFRS 7 'Financial Instruments Disclosures'.
- (b) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1; a reconciliation of share capital and
  - (ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.
- (c) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, and 111 of IAS 1 'Presentation of Financial Statements'.
- (d) The requirements of IAS 7 'Statement of Cash Flows'.
- (e) The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- (f) The requirements of paragraph 17 and 18A of IAS 24 'Related Party Disclosures'.
- (g) The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (h) The requirements of paragraph 134(d) to 134(f) and 135 (c) to 135 (e) of IAS 36 'Impairment of Assets', provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

# AXA Services Limited

## Notes to the Financial Statements (continued) as at 31 December 2017

### II. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year, with the exception of those amendments published and adopted on 1 January 2017. The amendments and interpretations had no impact on the Company's individual financial statements.

### III. Fixed assets: Equipment

Equipment comprises mainly computer hardware, furniture and fittings. Equipment is stated at historical cost less accumulated depreciation and an allowance for impairment, where appropriate. Historical cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Equipment is depreciated using the straight line method on the basis of their expected useful lives, after taking into account the estimated residual value. The expected useful economic life of equipment is 5 years.

### IV. Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### V. Cash in bank and at hand

Cash comprises cash in hand, demand deposits with banks and bank overdrafts. Cash equivalents are highly liquid investments which are subject to an insignificant risk of a change in value.

### VI. Share Capital

Ordinary shares are treated as equity when the instruments incur no obligation to transfer cash or any other asset to the holder. Incremental costs directly attributable to the issue of equity instruments are deducted from equity.

### VII. Current and deferred tax

The tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying value amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 asset to be recovered.



## AXA Services Limited

Notes to the Financial Statements (continued)  
as at 31 December 2017

### VII. Current and deferred tax (continued)

#### Deferred tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and there is an intention to settle the balances on a net basis.

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### VIII. Employee benefits

#### Pension obligations

Staff employed by the Company are members of the AXA UK pension scheme ("the Scheme"). The Scheme supports a number of companies in the AXA UK Group, through both defined benefit and defined contribution schemes. The defined benefit scheme share risks between the companies in the AXA UK Group and is not facilitated by a contractual agreement or stated policy to charge the individual companies the net defined benefit cost. As the outcome of various restructuring activities and movement of staff between companies in the AXA UK Group, it is not feasible to allocate the defined benefit scheme assets and liabilities to individual participating companies. Consequently, the Company recognises its contribution payable for the period as permitted by IAS 19 'Employee benefits (revised 2011)' for defined benefit plans that share risks between companies under common control.

The charge for pension costs principally represents the costs of providing pension benefits to the Company's staff in respect of their service during the year, undertaken within various AXA Group entities. The associated costs of providing pensions are recharged to the respective entity, as the contributions become payable in accordance with the rules of the relevant scheme.

### IX. Revenue recognition

Revenue is measured at the fair value of fees received or receivable for services rendered to fellow subsidiary companies which are recoverable under the service contracts. The adoption of a service structure has meant that the Company has an income that matches its expenses.

Activities undertaken by the Company include:

- Management of certain AXA Group insurers' business (excluding investment management) including advising on policy, compliance and general management.
  - Agreements for binding underwriting, claims handling and introducing business
  - Complaints
  - Sales, marketing and product development
  - IT
  - Premises
- Employment contracts of AXA staff, on behalf of other AXA companies.

## **AXA Services Limited**

**Notes to the Financial Statements (continued)  
as at 31 December 2017**

### **X. Critical accounting estimates and judgements in applying accounting policies**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas that the directors consider particularly susceptible to changes in estimates and assumptions are detailed below:

#### **Deferred tax**

The carrying value at the reporting date of the net deferred tax asset is £12m (2016: £10m), further details of which are disclosed in accounting policy VII and note 10. Significant management judgement is applied to determine the deferred tax asset that can be recognised and is based on the probability of future taxable profits.

**AXA Services Limited**

Notes to the Financial Statements (continued)  
as at 31 December 2017

**2. Revenue**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure recoverable under service contracts from fellow subsidiary undertakings and parent companies	<b>425,942</b>	487,017

All business arises within the UK.

**3. Administrative expenses**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Marketing and administrative expenses	151,145	164,574
Employee benefit expenses (Note 4)	274,784	322,430
Depreciation of equipment (Note 8)	13	13
<b>Total administrative expenses</b>	<b>425,942</b>	487,017

**4. Employee benefit expense**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	189,777	192,915
Social security costs	18,133	15,581
Pension contributions	66,874	113,934
<b>Total employee benefit expense</b>	<b>274,784</b>	322,430

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
<b>Average number of employees:</b>		
Distribution and marketing	1,843	1,824
Claims handling and underwriting	1,841	1,761
Administration, finance and IT	1,211	1,261
<b>Total</b>	<b>4,895</b>	4,846

The staff costs and average number of employees relate to those individuals who have contracts of employment with the Company.

**AXA Services Limited**

**Notes to the Financial Statements (continued)**  
**as at 31 December 2017**

**5. Audit fees**

During the year, the Company obtained the following services from the Company's auditor and the costs incurred are as detailed below:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Audit services:</b>		
Fees payable to the Company's auditor for the audit of the statutory accounts	31	29
<b>Non-audit services:</b>		
Audit related assurance services from the Company's auditor, including the audit of the regulatory return	-	1
<b>Total</b>	<b>31</b>	<b>30</b>

**6. Other interest receivable and similar income**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Interest on deposits	1	1

**7. Tax**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Corporation tax</b>		
Current year	(40)	1,480
Adjustments in respect of prior years	(1,502)	(3,777)
	(1,542)	(2,297)
Deferred tax (note 10)	1,542	2,297
<b>Total tax charge</b>	<b>-</b>	<b>-</b>

The transactions above derive from continuing operations.

Corporation tax is calculated at 19.25% (2016: 20.0%) of the estimated taxable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

**AXA Services Limited**

Notes to the Financial Statements (continued)  
as at 31 December 2017

**7. Tax (continued)**

The charge for the year can be reconciled to the Profit and Loss Account as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Profit before tax on continuing operations	<b>1</b>	<b>1</b>
Tax at the UK rate of 19.25% (2016: 20.00%)	-	-
Tax effects of expenses that are not deductible in determining taxable profit	(216)	(274)
Adjustments to tax charge in respect of previous periods	3,630	(287)
Impact of rate change	(267)	(708)
Group relief surrendered at other than the tax rate	(3,147)	1,269
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>

The standard rate of tax applied to reported profit on ordinary activities is 19.25% (2016: 20.0%). During 2017 the deferred tax balances were re-measured as a result of the changes to the UK corporation tax rate that were enacted in the Finance (No.2) Act 2016. The UK corporation tax rate reduced from 20% to 19% with effect from 1 April 2017 and will be further reduced from 19% to 17% with effect from 1 April 2020.

**8. Fixed Assets**

	<b>Equipment</b>
	<b>£'000</b>
<b>Cost</b>	
Balance as at 1 January 2017	1,563
Additions	-
<b>Balance as at 31 December 2017</b>	<b>1,563</b>
<b>Accumulated depreciation</b>	
Balance as at 1 January 2017	1,545
Charge for the year	13
<b>Balance as at 31 December 2017</b>	<b>1,558</b>
<b>Net book value as at 31 December 2017</b>	<b>5</b>
Net book value as at 31 December 2016	18

Depreciation expense of £13k (2016: £13k) has been charged to administration expenses.

**AXA Services Limited**Notes to the Financial Statements (continued)  
as at 31 December 2017**9. Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by intermediate parent company	133,551	105,288
Amounts owed by fellow subsidiary undertakings	60,889	36,896
<b>Total amounts owed by group undertakings</b>	<b>194,440</b>	<b>142,184</b>
Prepayments and accrued income	2,336	4,214
Other debtors including taxation	9,898	14,258
<b>Total other debtors</b>	<b>12,234</b>	<b>18,472</b>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**10. Deferred tax**

The movement on the deferred tax account is as follows:

	<b>Accelerated tax depreciation £'000</b>	<b>Retirement benefit £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Balance as at 1 January 2016	3,604	(96)	4,172	7,680
Charge/(credit) to profit and loss	(802)	973	2,126	2,297
Balance as at 1 January 2017	2,802	877	6,298	9,977
Charge/(credit) to profit and loss	(231)	48	1,725	1,542
<b>Balance as at 31 December 2017</b>	<b>2,571</b>	<b>925</b>	<b>8,023</b>	<b>11,519</b>

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Deferred tax liabilities	-	-
Deferred tax assets	11,519	9,977
<b>Total deferred tax</b>	<b>11,519</b>	<b>9,977</b>

**AXA Services Limited**

Notes to the Financial Statements (continued)  
as at 31 December 2017

**11. Creditors**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Overdrafts	432	-
Amounts owed to fellow subsidiary undertakings	82,834	37,832
Social security and other tax payments	14,431	10,858
Other liabilities	4,595	8,835
<b>Other creditors including taxation and social security</b>	<b>19,026</b>	<b>19,693</b>
<b>Total creditors</b>	<b>102,292</b>	<b>57,525</b>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**12. Accruals and deferred income**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Accruals and deferred income</b>	<b>112,374</b>	<b>115,639</b>

All accruals and deferred income are expected to be settled within one year of the date of the financial statements.

**13. Ordinary share capital**

	<b>2017</b>		<b>2016</b>	
	<b>Shares</b>	<b>£'000</b>	<b>Shares</b>	<b>£'000</b>
Issued and fully paid ordinary shares at 31 December (ordinary shares of £1 each)	<b>522,000</b>	<b>522</b>	522,000	522

**14. Retirement benefit obligations****AXA UK Pension Scheme**

Staff engaged in the Company's activities are members of the AXA UK Pension Scheme which embraces a number of companies in the AXA UK Group. The Scheme has both defined benefit and defined contribution sections but the Company is unable to accurately identify its share of the underlying assets and liabilities of the defined benefit section. There is no contractual agreement or stated policy for charging the net defined benefit cost to the Company, as such the Company has recognised within the financial statements a cost equal to its contribution for the period. On 31 August 2013 the AXA UK Pension Scheme closed to both new members and future accrual and all remaining active members moved to deferred status.

Responsibility for the governance of the plan, including investment decisions, contribution schedules and scheme administration, lies with a single trustee board consisting of company appointed directors and member nominated directors. Additionally, the Law Debenture Pension Trust Corporation is a director, acting on behalf of the Trustee board with Special Director status.

**AXA Services Limited****Notes to the Financial Statements (continued)  
as at 31 December 2017****14. Retirement benefit obligations (continued)**

The AXA UK Group made additional contributions totalling £243m (2016: £119m) to the Scheme, in accordance with a ten year plan to reduce the funding deficit and to ensure that the Statutory Funding Objective is met. The level of contributions to be paid under the funding deficit recovery plan are based on the actuarial valuation performed every three years, however, these may change more frequently if significant events occur in the year. The expected contributions to be paid for the next annual reporting period under the recovery plan is £66m. The assumptions adopted for the triennial actuarial valuations are determined by the trustees and agreed with AXA UK and are normally more prudent than the assumptions adopted for IAS 19 purposes, which are on a best estimate basis.

An internal review by AXA UK of the defined benefit scheme revealed an IAS 19 surplus of £152m as at 31 December 2017 (£321m deficit as at 31 December 2016). This represents a snapshot of the present cost of meeting pension obligations that will crystallise over a period of many years. The Scheme invests in a wide range of assets, including equities, which over the long term, are expected by the directors to meet the liabilities of the scheme.

The total pension cost which has been charged to the Profit and Loss Account of the Company is £66.9m (2016: £113.9m). There were no outstanding contributions as at 31 December 2017 (2016: £nil).

The principal assumptions used by the actuaries were:

	<b>2017</b>	<b>2016</b>
Discount rate	<b>2.5%</b>	2.7%
Future pension increases	<b>3.0%</b>	3.3%
Inflation assumption for deferred members (CPI)	<b>2.2%</b>	2.3%

The discount and inflation rates disclosed within the above table represent single equivalent rates based on the cashflow profile of the scheme. The 2017 and 2016 valuations have been calculated on a full yield curve rather than a single rate, as this methodology provides a more accurate approach that is better aligned with a general move in the market to use a market consistent approach in valuing the liabilities.

Changes in the present value of the defined benefit obligation are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£m</b>	<b>£m</b>
Present value of obligation as at 1 January	5,496	4,520
Remeasurements:		
Service cost	5	5
Interest cost	124	147
Actuarial losses/(gains) from changes in financial assumptions	52	1,131
Actuarial (gains)/losses from changes in demographic assumptions	(97)	(98)
Benefits paid	(245)	(209)
<b>Present value of obligation as at 31 December</b>	<b>5,335</b>	<b>5,496</b>

Changes in the fair value of plan assets are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£m</b>	<b>£m</b>
Fair value of plan assets as at 1 January	5,175	4,139
Remeasurements:		
Expected return on plan assets	120	136
Benefits paid	(245)	(209)
Actuarial gains/(losses)	189	984
Employer contributions paid by AXA UK plc	188	40
Employer contributions paid by other participating entities	42	67
Asset backed contribution	18	18
<b>Fair value of plan assets as at 31 December</b>	<b>5,487</b>	<b>5,175</b>



**AXA Services Limited**

Notes to the Financial Statements (continued)  
as at 31 December 2017

**14. Retirement benefit obligations (continued)**

Analysis of assets by category:

	2017 £m	2016 £m
Equities	39	55
Debt securities	2,794	2,287
Government	2,240	1,661
Corporate	554	626
Property funds	348	334
Other assets	1,976	2,169
Derivatives	393	339
Cash	63	22
Investment funds	1,520	1,808
Investment in limited partnership	320	326
Longevity hedge	10	4
<b>Fair value of plan assets as at 31 December</b>	<b>5,487</b>	<b>5,175</b>

**15. Directors' emoluments**

The directors are employed and paid by companies in the AXA Group and their directorships are held as part of that employment. The emoluments of certain directors disclosed below are in respect of qualifying services to the AXA Group as a whole.

	2017 £
Aggregate emoluments (excluding amounts receivable under long-term incentive schemes)	333,085

<b>Amounts attributable to highest paid director</b>	
Aggregate emoluments	333,085

Mrs. A. J. Blanc and Mr. B. Poupert-Lafarge were directors of AXA UK plc during the year and their emoluments, which relate to their services to the AXA Group as a whole, are disclosed in the financial statements of that company.

Mr. W. U. Malik was a director of AXA Insurance UK plc during the year and his emoluments, which relate to his services to the AXA Group as a whole, are disclosed in the financial statements of that company.

**Retirement Benefits**

No retirement benefits are accruing to any directors under a defined contribution pension or a defined benefit scheme.

**Directors' Interests in Transactions**

No contract in which a director was interested and which was material to the Group or its subsidiaries or to the other transacting party existed during the year.

**Loans to Directors and Connected Persons**

No loans or quasi-loans exceeding £5,000 to directors and connected persons were made or subsisted during the year.

## **AXA Services Limited**

**Notes to the Financial Statements (continued)**  
**as at 31 December 2017**

### **15. Directors' emoluments (continued)**

#### **Share Options**

No directors exercised share options or employee share save options in AXA UK plc during the year (2016: one).

### **16. Immediate and ultimate parent**

The Company's immediate parent is Guardian Royal Exchange plc, a company registered in England. In the opinion of the directors, the Company's ultimate parent and controlling undertaking is AXA SA, a company incorporated in France. The parent undertaking of the largest group which includes the Company and for which group financial statements are prepared is AXA SA. Copies of the AXA SA Group financial statements can be obtained from 25, avenue Matignon, 75008 Paris, France.

The parent undertaking of the smallest group which includes the Company and for which group financial statements are prepared is Guardian Royal Exchange plc, a company registered in England. Copies of the Guardian Royal Exchange plc financial statements can be obtained from 5 Old Broad Street, London, EC2N 1AD.