Registration number: 06458717

Architas Multi-Manager Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

Architas Multi-Manager Limited

Contents

Architas Multi-Manager Limited

Company Information

Directors	H. I. Georgeson
	P. F. Hazell
	B. Poupart-Lafarge
	A. J. Purvis
Company secretary	J. P. Small
Registered office	5 Old Broad Street London England EC2N 1AD
Auditors	Mazars LLP Chartered Accountants and Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

Architas Multi-Manager Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report on Architas Multi-Manager Limited ("the Company") for the year ended 31 December 2018.

Principal activity
The principal activity of the Company is the management of open-ended investment companies and the provision of investment advisory services to a number of AXA Group companies. The Company is also the investment manager and provides ancillary services to Architas Multi-Manager Europe Limited ("AMMEL") for its Irish funds.

Fair review of the business
The directors are satisfied with the Company's results for the year and the progress it is making towards becoming a leading multi-manager. The Company's profit for the financial year after taxation, as shown in the profit and loss account of the financial statements, amounted to £17.9m (2017: Profit £21.4m).

During the year, the Company experienced continued demand for its core UK products, with strong sales being achieved in its multi-asset active, passive, blend and specialist ranges. Additional share classes were added across the fund range in order to meet the requirements of distributors and clients.

Business environment
The Company operates in a highly competitive market with continual pressure on profit margins as a result of external competition. In order to mitigate this risk, the Company continues to monitor the pricing of its products against key competitors and of new products and services where it believes it has a competitive advantage.

Strategy
The Architas strategy is based on several building blocks, which are used to further develop existing competitive advantage in order to achieve the goals within each business area. This has been mapped with the AXA Group global strategy of becoming the most trusted insurance partner to businesses, individuals and communities in the UK and Ireland by 2020.

The Company has continued to generate a strong growth in profits. It will seek new opportunities and aim to broaden its investment proposition in the UK, Europe and Asia. It will continue to invest in technology to drive cost efficiencies and to ensure that its products are competitively priced to consumers.

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Turnover	£'000	80,513	78,997
Profit after tax	£'000	17,942	21,466
Assets under management	£'000	13,967,641	13,223,862
Assets under advice	£'000	9,584,838	6,292,430

Principal risks and uncertainties
The Architas 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.

Financial risk management is discussed in the Management of financial risk note set out on page 18 of the financial statements.

A description of the key business risks affecting the Company is set out below.

Failure of outsourced providers
The Company has outsourced the provision of certain investment administration services to State Street Bank and Trust Company Limited. It also uses DST Systems to provide transfer agency services to the Company. Whilst the Company cannot mitigate the risk of any of the parties failing, it does hold sufficient capital to cover the potential cost of moving to alternative providers of such services.

Due diligence, which includes checks on financial stability, was performed on these providers prior to appointment. The Company has formal legal agreements and service level agreements in place with all of these providers and actively manages their performance against set KPIs.

Regulatory environment
The Company operates in a highly regulated market place where there is risk of non-compliance with existing Financial Conduct Authority ("FCA") regulations and unanticipated costs of potential errors in implementing future regulatory change.

The Company mitigates regulatory risk through its regulatory risk policy. A key part of this policy is the requirement for the Company to maintain an independent compliance department with sufficient resources of appropriate competence to provide support to the Company's senior managers in the proper discharge of their regulatory responsibilities. This includes identifying and assessing changes in regulation and ensuring appropriate changes are made to procedures, systems and controls to ensure compliance with the revised regulations.

The Company also prepares an Internal Capital Adequacy Assessment Process ("ICAAP") each year to enable it to assess its future capital requirements necessary to cover potential losses from the primary operational and financial risks applicable to its business.

BREXIT

The implications to the Company of the United Kingdom's departure from the European Union have been considered, specifically the effects this could have on estimations and judgements made in the preparation of the financial statements. Whilst this assessment is ongoing with management carefully monitoring the latest events, as described above the Company has in place robust and effective capital and risk management processes, and the risks arising from Brexit are being managed alongside a range of risks inherent to its business.

Approved by the Board on 12 April 2019 and signed on its behalf by:

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H. I. Georgeson
Director

Architas Multi-Manager Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Future developments
The Company is well placed to continue to grow profitably. It will seek to develop new funds as market conditions and investor demand dictates. It will continue to promote its existing funds through its key distributors to maintain organic growth.

Directors' of the company
The directors, who held office during the year, were as follows:

H. I. Georgeson

P. F. Hazell

B. Poupart-Lafarge

A. J. Purvis

Dividends
An interim dividend of £18,000,000 was paid to Architas Limited, during 2018 (2017: £15,000,000).

Research and development
There are no research and development projects underway.

Branches outside the United Kingdom
The Company does not operate branches outside the UK.

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 above. The ability to cope with unexpected risks to the financial position is shown within the management of financial risk note on page 18.

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. As a consequence, the directors believe sufficient contingencies have been put in place that will enable the Company to manage its business risks despite the current uncertain economic outlook and to continue in operational existence for the foreseeable future.

Indemnification of Directors
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 indemnification was in force during the year and at the date of approval of the financial statements.

Disclosure of information to the auditors
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Architas Multi-Manager Limited

Directors' Report for the Year Ended 31 December 2018 (continued)

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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.

Approved by the Board on 12 April 2019 and signed on its behalf by:

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H. E. Georgeson
Director

Independent Auditor's Report to the Members of Architas Multi-Manager Limited

Opinion

We have audited the financial statements of Architas Multi-Manager Limited (the 'Company') for the year ended 31 December 2018, which comprise the Profit and Loss Account, Balance Sheet, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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.

The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The directors' view on the impact of Brexit is disclosed on page 4. The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

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.

Independent Auditor's Report to the Members of Architas Multi-Manager Limited (continued)

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 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.

Opinions on other matter 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 Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 and 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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.

Independent Auditor's Report to the Members of Architas Multi-Manager Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of 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.

Steve Liddell

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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

12 April 2019

Architas Multi-Manager Limited

Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Turnover	5	80,513	78,997
Cost of sales	6	(17,803)	(19,872)
Gross profit		62,710	59,125
Distribution costs		(231)	(845)
Administrative expenses		(40,184)	(31,924)
Operating profit		22,295	26,356
Other interest receivable and similar income	7	77	29
Interest payable and similar charges	8	(247)	(43)
		(170)	(14)
Profit before tax		22,125	26,342
Tax on profit on ordinary activities	12	(4,183)	(4,876)
Profit for the year		17,942	21,466

The above results were derived from continuing operations.

The Company had no recognised gains or losses during the year other than those recognised in the profit and loss account (2017: £nil). Therefore, the Company has elected not to present a Statement of Comprehensive Income for the period ending 31 December 2018.

Architas Multi-Manager Limited

(Registration number: 06458717)
Balance Sheet as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Intangible assets	13	12,792	12,915
Current assets			
Debtors	14	33,981	34,754
Cash and cash equivalents		39,403	34,998
Other financial assets		359	402
		73,743	70,154
Creditors: Amounts falling due within one year	17	(36,668)	(33,144)
Net current assets		37,075	37,010
Net assets		49,867	49,925
Capital and reserves			
Called up share capital	15	21,600	21,600
Capital contribution	16	7,000	7,000
Profit and loss account	16	21,267	21,325
Shareholders' funds		49,867	49,925

Approved and authorised for issue by the Board on 12 April 2019 and signed on its behalf by:

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H.I. Georgeson
Director

Architas Multi-Manager Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £ 000	Capital contribution £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	21,600	7,000	21,325	49,925
Profit for the year	-	-	17,942	17,942
Total comprehensive income	-	-	17,942	17,942
Dividends	-	-	(18,000)	(18,000)
At 31 December 2018	21,600	7,000	21,267	49,867

	Share capital £ 000	Capital contribution £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	21,600	7,000	14,859	43,459
Profit for the year	-	-	21,466	21,466
Total comprehensive income	-	-	21,466	21,466
Dividends	-	-	(15,000)	(15,000)
At 31 December 2017	21,600	7,000	21,325	49,925

1 General information

Architas Multi-Manager Limited ("the Company") manages open-ended investment companies and provides investment advisory services to a number of AXA Group companies. The Company also provides investment management and other ancillary services to Architas Multi-Manager Europe Limited.

The Company is a private limited company under the Companies Act 2006, with the entire share capital held by its parent Architas Limited, which is incorporated and domiciled in the United Kingdom ("UK").

The address of its registered office is:
5 Old Broad Street
London
England
EC2N 1AD
UK

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
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.

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.

Summary of disclosure exemptions

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

(a) The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

(b) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

(c) 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;
ii. paragraph 118(e) of IAS 38 Intangible Assets

(d) 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.

(e) The requirements of IAS 7 Statement of Cash Flows.

(f) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

(g) The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures

2 Accounting policies (continued)

(h) 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.

(i) The requirements of paragraph 130(f)(ii), 130(f)(iii), 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.

Changes in accounting policy

IFRS 9 Financial Instruments is a new accounting standard that is effective for the year ended 31 December 2018, that introduces new classification and measurement requirements, along with the introduction of an expected credit loss model for measuring impairments. An assessment of the standard was undertaken and it was concluded that the existing basis of measuring and classifying financial assets and financial liabilities could continue to be applied on adoption of the new standard. In addition, an assessment of the financial assets was undertaken to determine if an impairment adjustment would be required using an expected credit loss model. The conclusion reached was that any such adjustment would be considered immaterial and therefore no additional adjustments have been reported. Consequently the standard has not had a material effect on the financial statements.

IFRS 15 Revenue from contracts with customers is a new standard that is effective for the year ended 31 December 2018, which provides a principles-based approach for revenue recognition. An assessment has been undertaken and the main revenue items of investment management fees are considered to be in compliance with the new revenue recognition principles, consequently the standard has not had a material effect on the financial statements. The main change is the recognition of contract asset and contract liability balances, which previously were recorded as part of trade debtors and trade creditors.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2018 have had a material effect on the financial statements.

Turnover

Recognition

The company earns revenue from the provision of services relating to asset management services. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

(i) **Investment management fees** - a fixed percentage based upon funds under management, which are earned periodically for providing asset management services. The fees are recognised as revenue each month in accordance with each investment management contract.

(ii) **Investment advisory fees** - are either a fixed fee or fixed percentage of assets under management, earned periodically for providing advisory services. The fees are recognised as revenue each month in accordance with each investment advisory contract.

(iii) **Registration fees** - satisfied upon investors' subscription, which triggers immediate recognition of revenue.

2 Accounting policies (continued)

Performance obligations

The main performance obligations in contracts consist of the provision of asset management services. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date on a time elapsed basis in accordance with each investment management contract. For certain elements of the contracts the performance obligation is recognised at a point in time, following the investors subscription to a service.

Contract assets

Where services are transferred to the customer before the customer pays consideration, or before payment is due, Contract assets are recognised. Contract assets are included in the balance sheet, within debtors, and represent the right to consideration for services provided.

Contract assets are classified as current or non-current based on the Company's normal operating cycle and are assessed for impairment at each reporting date.

Contract liabilities

Contract liabilities and customer deposits are recognised in the balance sheet when the company has received consideration but still has an obligation to deliver services and meet performance obligations for that consideration.

Cost of sales

Cost of sales includes rebates payable to investors, fees payable to sub-managers and rebates payable to the funds. Each of these is recognised on an accruals basis.

Distribution costs

Distribution costs comprise initial and trail/fund based commission payable to Independent Financial Advisers and other intermediaries.

Interest receivable and similar income

Interest receivable represents interest on bank deposits and is accrued daily.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. All other foreign currency transactions are recorded at the actual rate of exchange prevailing on the date of the transaction and any exchange differences are dealt with in the part of the profit and loss account in which the underlying transaction is reported.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

2 Accounting policies (continued)

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.

Intangible assets
Customer related intangible

Customer related intangibles arose through the acquisition of two books of assets; from Danske Bank AS, representing the deferral of the consideration payable, and AXA Investment Managers, representing the future share of advisory income from different AXA entities. An assessment of the useful lives of the assets concluded that the Dankse Bank AS intangible asset had a finite life, whereas the AXA Investment Managers intangible asset had an infinite life.

Customer related intangible assets are initially recognised in the balance sheet at cost, representing fair value at the date of acquisition. Following initial recognition, the useful life of the intangible assets is determined. An asset considered to have a finite life is carried at cost less any accumulated amortisation and any accumulated impairment losses, and an asset considered to have an infinite life continues to be held at cost with annual assessments for impairment.

Amortisation of the finite intangible asset has been calculated on a straight line basis over its useful economic life of 5 years on a straight line basis.

Dividends
Interim dividends are recognised as a distribution when paid and final dividends are recognised as a liability when approved by the shareholders through a written resolution.

Financial instruments (post January 2018)

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding intangible assets, deferred tax assets, prepayments and deferred tax liabilities.

The Company recognises financial assets and financial liabilities in the balance sheet when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at amortised cost.

Classification and measurement
Financial instruments are classified at inception into the category, amortised costs, which then determine the subsequent measurement methodology.

The classification and the basis for measurement are subject to the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

2 Accounting policies (continued)

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through the profit or loss:-
· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss.

Financial liabilities at amortised cost
All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets

The Company derecognises a financial asset when;
- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, any difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

3 Critical accounting judgements and key sources of estimation uncertainty

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. Management has determined that there are no accounting policies subject to significant accounting policy judgement.

4 Management of financial risk

The Company is exposed to financial risk through the inherent uncertainty in undertaking business affecting its financial assets and liabilities. The most important components of this risk are credit and market risks.

The Company forms part of the AXA Group, which has an established risk management framework on how each risk profile is identified, measured, monitored and controlled through Risk Committees advising the individual business unit Chief Executives. A dedicated risk management function supports the individual business units by ensuring that a full understanding and control of risks is incorporated into management decision making and procedures.

The risk policies are documented in adherence to the AXA Group Standards issued by AXA Group Risk Management. The board is responsible for governance and approving all new policies.

The notes to follow address the individual components of financial risk.

Credit risk
Credit risk is controlled by ongoing monitoring of overdue debts. The most material asset item in the balance sheet relates to cash positions. The Company's credit risk is calculated formally under its Pillar 1 requirement and it uses only 'BBB+' rated banks or higher. Currently, cash deposits are maintained with one major UK bank which has a majority UK Government shareholding. The Company monitors the strength of its relationship with the bank and will look to diversify cash holdings if appropriate.

Market risk
Market risk is controlled through performing scenario analysis to assess the potential effect to future revenues of a market crash or a sustained market downturn. The impact of adverse stock markets is minimal on the Company's balance sheet as only a small proportion of assets and liabilities are exposed to stock market movements.

5 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2018 £ 000	2017 £ 000
Rendering of services	80,513	78,997

6 Cost of sales

	2018 £'000	2017 £'000
Rebates payable to investors and intermediaries	8,346	10,842
Fees payable to sub managers	9,007	8,407
Investment advisory services	54	51
Rebates paid to the funds	329	559
Other costs	67	13
	17,803	19,872

7 Other interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest income on bank deposits	72	27
Distribution on managers' holdings	5	2
	77	29

8 Interest payable and similar charges

	2018 £ 000	2017 £ 000
Foreign Exchange losses	247	43

9 Staff costs

The Company does not directly employ any staff (2017: none). All staff were employed by Architas Limited, which recharges staff costs to the Company.

10 Directors' remuneration

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.

The directors' remuneration for the year was as follows:

	2018 £ 000	2017 £ 000
Remuneration	1,239	1,248
Contributions paid to money purchase schemes	5	5
Directors amount under long term incentive schemes in respect of qualifying services	-	192
	1,244	1,445

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Exercised share options	-	1
Accruing benefits under money purchase pension scheme	1	-

In respect of the highest paid director:

	2018 £ 000	2017 £ 000
Remuneration	893	989
Company contributions to money purchase pension schemes	5	5

10 Directors' remuneration (continued)

Mr. P. F. Hazell and Mr. B. Poupart-Lafarge, were also 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 the company.

11 Auditors' remuneration

	2018 £ 000	2017 £ 000
Fees payable to the Company's auditor for the audit of the Company accounts	23	22
Fees payable to the Company's auditor and its associates for audit related assurance services	72	70
	95	92

The prior year figures have been amended to exclude VAT.

12 Income tax

Tax charged/(credited) in the profit and loss account

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	4,227	5,097
UK corporation tax adjustment to prior periods	(44)	(221)
	4,183	4,876

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	22,125	26,342
Corporation tax at standard rate	4,204	5,071
Increase (decrease) in current tax from adjustment for prior periods	(44)	(221)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	23	26
Total tax charge	4,183	4,876

12 Income tax (continued)

The standard rate of tax applied to the reported profit on ordinary activities is 19.00% (2017: 19.25%). Changes to the UK corporation tax rate were enacted in the Finance Act 2016, reducing the main rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017.

13 Intangible assets

	Contractual customer relationships £ 000
Cost or valuation	
At 1 January 2018	13,493
At 31 December 2018	13,493
Amortisation	
At 1 January 2018	578
Amortisation charge	123
At 31 December 2018	701
Carrying amount	
At 31 December 2018	12,792
At 31 December 2017	12,915

The movement in the year represents the amortisation charge relating to the book of business acquired from Danske Bank AS. The amortisation charge of £123k (2017: £140k) has been recognised under Administration Expenses during the year and the carrying value at 31 December 2018 is £nil (2017: £123k).

Intangible assets with indefinite useful economic lives
Customer relationships with a carrying amount of £12,792,000 (2017 - £12,792,000) has an indefinite useful economic life.

On 1 July 2015 the Company acquired a book of assets from AXA Investment Managers Limited. The full consideration for the book of assets was €18.0m (£12.792m).

14 Trade and other debtors

	2018 £ 000	2017 £ 000
Trade debtors	-	13,267
Contract assets	11,238	-
Expropriations	5,593	4,253
Debtors from related parties	479	2,212
Accrued income	15,528	14,246
Other debtors	1,143	776
Total current trade and other debtors	33,981	34,754

The amounts owed from related parties are interest free, repayable on demand and unsecured. All debtors are recoverable within one year.

15 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	21,600	21,600	21,600	21,600

16 Reserves

Capital contribution reserve
Represents amounts received from parent undertakings.

Profit and loss account
Represents the cumulative profits and losses of the Company.

17 Trade and other creditors

	2018 £ 000	2017 £ 000
Trade creditors	852	1,704
Repurchase creditors	2,897	2,520
Appropriations	7,774	10,382
Accrued expenses	2,837	2,374
Amounts due to related parties	14,944	16,154
Other creditors	7,364	10
	36,668	33,144

Amounts due to related parties are non-interest bearing, repayable on demand and unsecured.

18 Related party transactions

The Company has taken advantage of the exemption granted under FRS 101 where subsidiary undertakings do not have to disclose transactions with fellow wholly owned Group companies, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

The Company entered into the following transactions with related parties which do not qualify for the exemption under FRS 101.

Summary of transactions with other related parties

The below represents transactions with AXA Investment Managers, Architas France and Alliance Bernstein, for the provision of investment management services.

Income and receivables from related parties

2018	Other related parties £ 000
Receipt of services	6,798
Amounts receivable from related party	3,939

2017	Other related parties £ 000
Receipt of services	7,972
Amounts receivable from related party	4,125

18 Related party transactions (continued)

Expenditure with and payables to related parties

2018	Other related parties £ 000
Rendering of services	8,414
Amounts payable to related party	2,340

2017	Other related parties £ 000
Rendering of services	9,377
Amounts payable to related party	1,966

19 Pillar 3 disclosure

In accordance with the rules of the FCA, the Company has published information on its risk management objectives and policies and on its regulatory capital requirements and resources. This information is available on the Architas Multi-Manager Limited website www.architas mm.com.

20 Client money balances

As required by the Financial Services and Markets Act 2000 and in accordance with the FCA rules, the Company maintains certain client money balances on behalf of clients with banks totalling £2,009,514 (2017: £2,115,000). These amounts and any related liabilities are not included in the Company's balance sheet.

21 FCA remuneration code

The Company complies with the FCA Remuneration Code. The remuneration disclosure relates to 'Code Staff', that is staff whose professional activities have a material impact on the Company's risk profile. Therefore, this may include staff that may not be directors of the Company. The required disclosure under BIPRU 11.5 is available on the Architas Multi-Manager Limited website www.architas mm.com.

22 Parent and ultimate parent undertaking

The Company's immediate parent is Architas Limited.

The ultimate parent is AXA SA. These financial statements are available upon request from 25, avenue Matignon, 75008, Paris, France.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is AXA SA, incorporated in France.

The address of AXA SA is:
25, avenue Matignon, 75008, Paris, France.