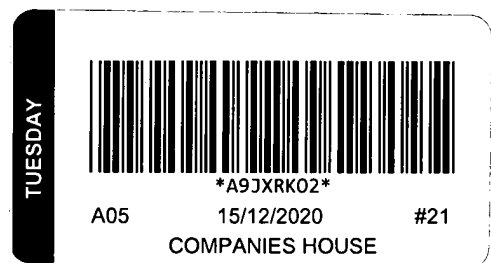


Registered Number 01854856

**AXA GROUP OPERATIONS UK LIMITED  
(Formerly AXA Global Services UK Limited)**

**Annual Reports and Financial Statements**

**For the year ended 31 December 2019**



Registered Office: 5 Old Broad Street, London EC2N 1AD

**AXA GROUP OPERATIONS UK LIMITED**

**COMPANY INFORMATION**

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**DIRECTORS**

Mr. A. Pearce  
Mr. F. Simeon  
Ms. J. Scott-Bryant  
Mr. S. Tovey

**SECRETARY**

Ms. K.A. Beggs

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
2 Glass Wharf  
Bristol  
BS2 0FR

**AXA GROUP OPERATIONS UK LIMITED**

**STRATEGIC REPORT**

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The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2019.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is the provision of IT service delivery and project services to the AXA UK plc group of companies and AXA Group companies within the Central and Eastern Europe region.

**BUSINESS REVIEW**

The Company is part of new global IT service delivery model under the new Global Operations strategic initiative. It still maintains close ties to the previous regional model with AXA Global Operations in Switzerland. The old and new models of working will enable the Company to further improve both quality and cost effectiveness and will continue to do so in future years.

As of 1 July 2019 the Company was renamed AXA Group Operations UK Limited in line with a global rebranding of the IT service entities within AXA around the globe.

**Results and performance**

The profit for the financial year 2019 was £3,458,664 compared with a profit of £1,713,323 in 2018. During 2019 the Company had a profit before taxation of £4,193,197 (2018: profit £2,150,580)

The AXA Group regards the AXA Group Operations model globally as strategically important and will continue to support AXA Group Operations UK by providing financial support to ensure the Company continues to be a going concern covering a period of at least 12 months from the date of the financial statements.

The impact of COVID-19 is included in note 17 of the financial statements, Post Balance Sheet Events. It is not expected to impact the going concern of the company.

**AXA GROUP OPERATIONS UK LIMITED**

**STRATEGIC REPORT (CONTINUED)**

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**Principal risks and uncertainties**

Given the nature of the Company's operation, the principal risk is the financial risk of its service provision to the AXA UK group which is discussed further in the 'financial risk management' section.

**Key Performance Indicators**

The key performance indicators the Board uses to monitor the Company's performance are as follows:

**2020**

Quality of service for existing clients

Transformation and improvement of services

Cost efficiency and competitive pricing

Customer relationship

AXA Group Operations and AXA UK jointly commissioned a benchmarking exercise with an external third party and the revised level of charges was agreed and aligned to that benchmark. For the period 2020 - 2023 AXA GO has a global target to reduce charges by 2.5% per annum and this is built into the charges to the AXA UK. Monthly Governance meetings are held with customers and financial achievements are monitored against targets. In addition there are separate six monthly executive reviews for strategic discussions and escalations if KPIs are not achieved.

**Future Outlook**

In 2018, AXA completed its review into IT services and re-affirmed AXA Group Operations as the strategic choice for provision of these services to the rest of the AXA Group.

There will be a continued push for standardisation globally both in terms of technology and charging mechanisms which should ensure the financial viability of the company.

As such, the Company continues to expect to provide services to AXA Group companies for the foreseeable future.

**Financial risk management**

The Company is exposed to financial risk through its service provision to the AXA UK group, its reliance on the AXA UK group and remaining its preferred supplier. The most important components of this risk are price, liquidity and currency risk.

**AXA GROUP OPERATIONS UK LIMITED**

**STRATEGIC REPORT (CONTINUED)**

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**Price risk**

Pricing risk can be determined by the prospect of the Company no longer being competitive in its respective market.

Management counter this risk globally by bench marking the prices offered to AXA UK and implementing cost reduction programmes where appropriate.

**Liquidity risk**

Liquidity risk is defined as the risk that the Company, irrespective of solvency and profitability, may not have sufficient available cash to pay obligations when they fall due at reasonable cost.

The previous invoice regime of monthly charges being paid three months in advance has been replaced by monthly in advance for the majority of customers. To ensure sufficient liquidity, a much more proactive cash flow process has been implemented along with the utilisation of Group funding. Also, a robust working capital management environment is encouraged by ensuring there are appropriate loan and overdraft facilities in place.

**Currency risk**

The Company is exposed to currency risk through contracts held with various suppliers in foreign currencies (mainly Euro and USD). The Euro risk is mitigated as the Company has a euro bank account and also has receivables in euros.

**Going Concern**

In order to maintain a satisfactory capital and cash flow position, the Directors have obtained assurances on the continued financial support of the Company from its parent, AXA Group Operations SAS, in the form of a letter of support.

Accordingly, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

## AXA GROUP OPERATIONS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

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#### Section 172 statement

The Board of AXA Group Operations UK Limited comprises one Executive Director and three Directors from within the wider AXA Group who operate from an independent position to Management. The Directors consider the size and composition of the Board to be proportionate to the scale and complexity of the business.

The Board delegates certain decision-making powers to Committees and individuals. This allows those with appropriate knowledge and experience to make effective decisions whilst Board oversight is maintained. The Board has adopted a Corporate Authorities document which clearly sets out the Board's terms of reference, matters that are reserved to the Board, signing authorities and delegation to Committees and individuals. This is reviewed at least annually (and whenever there is a significant change) and is considered and re-approved as necessary by the Board each year. Each director has a clear understanding of their accountability and responsibilities. The Board has a programme of at least four meetings every year with further meetings held as necessary.

The directors of AXA Global Operations UK Limited consider, both individually and collectively, that they have acted in the way that would most likely promote the success of the Company for the benefit of its members as a whole (having regard to relevant stakeholders and matters set out in section 172 of the Companies Act 2006) in the decisions taken during the year ended 31 December 2019.

In coming to this conclusion, the directors have considered who the stakeholders of the business are and issues it needs to take into consideration and concluded that the following are material to the Company.

**Customers:** The Company strives to build trusted relationships with its customers within the AXA Group, and provide ongoing cost savings and quality of service. This is reflected within the KPIs used by the Board to monitor the Company's performance. We proactively seek feedback with a twice-yearly Net Promoter Survey and hold monthly Executive Governance Boards with our customers.

**Suppliers and third parties:** The Company manages and promotes strong relationships with its suppliers (either internal or external to the AXA Group), to ensure good service, cost effectiveness, use of economies of scale and effective collaboration.

**Shareholder:** The Company's immediate shareholder is AXA Services SAS and the ultimate shareholder is AXA SA. The shareholder expects that Company to provide robust cost management and ongoing quality of service for its customers within the AXA Group, and this is reflected within the KPIs used by the Board to monitor performance. The Company engages with the ultimate shareholder through upward reporting through management information systems.

**AXA GROUP OPERATIONS UK LIMITED**

**STRATEGIC REPORT (CONTINUED)**

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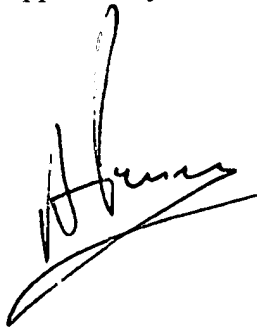
**Employees:** The Company is committed to enabling its workforce at all levels of the organisation to actively contribute and participate in decisions where appropriate. We have regular interactive Q&A webinars with our global CEO where employees can ask questions live and AXA Group Operations UK has Town Hall meetings for sharing strategic, financial and operational topics, where employees are encouraged to present subjects to their colleagues and to actively ask questions and provide feedback.

Feedback from the workforce is sought through quarterly Pulse surveys, where employees can provide their views on how the business is performing against its strategic objectives and key values. A volunteer employee group work together to define and deliver an action plan to address topics arising from the Pulse survey. AXA Group Operations UK recognises the union Unite through our Connect body for the purposes of negotiation and consultation on issues affecting the Company's workforce.

Being part of a large global organisation, the Company understands that it has a vital role to play in being a responsible corporate citizen and it encourages its employees to get involved in the community wherever possible. The Company's workforce has access to a community partnership programme (Hearts in Action) which is designed to link the business with local communities, as well as charity partnerships.

**The environment:** The Company is aligned to AXA Group's goals to minimise the impact of its operations on the environment by managing energy, paper and water consumption, as well as carbon emissions and waste. The AXA Group's environmental programmes contribute positively both to the Company's corporate culture as a whole and to its relationships with customers and staff.

Approved by the Board of Directors and signed on its behalf by:



**A.Pearce**  
Director  
10th December 2020

## **AXA GROUP OPERATIONS UK LIMITED**

### **DIRECTORS' REPORT**

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#### **Dividends**

The directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: nil).

#### **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, this has been in place during the year and at the date of approval of these financial statements.

#### **Directors**

The directors of the Company at the date of this report are shown on page 1. The following directors were appointed or resigned between 1 January 2019 and the date of the signing of the financial statements.

Mr. S. Pestie resigned as a Director of the Company on 7 February 2019

Mr. F. Simeon was appointed as a Director of the Company on 8 April 2019

Ms. J. Scott-Bryant was appointed as a Director of the Company on 8 April 2019

Mr. S. Tovey was appointed as a Director of the company on 28 May 2019

#### **Exercise of Directors' AXA SA Share options**

No directors of the Company exercised share options during the year (2018: Nil).

#### **Company**

Following the merger of AXA Technology Services UK Limited with the UK branch of AXA Group Solutions on 31 December 2017 it was decided to rename the company to reflect the combined values of the two previous organisations. On 2 January 2018 the company was renamed AXA Global Services UK Limited. Following further mergers within the group and due to different naming conventions throughout the group it was decided to rename the organisation AXA Group Operations UK Limited on 1 July 2019.



**AXA GROUP OPERATIONS UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

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**Post Balance Sheet Events**

The impact of COVID-19 is referenced in note 17 of the accounts.

**Employees**

The Company is committed to a policy of equal opportunity in recruitment, training, career development and promotion of staff, irrespective of sex, marital status, race or ethnic origin. 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 communications with employees and in seeking to inform and involve staff in the development of their operations and in the achievement of their business goals.

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

**Charitable and Political Contributions**

Payments for charitable purposes in 2019 amounted to £500 (2018: £6,065). This consisted of one small donation to a UK based charity. No donation was made to any political party registered in the UK under the Political Parties, Elections and Referendums Act 2000.

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 101 "Reduced Disclosure Framework" and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

**AXA GROUP OPERATIONS UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

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- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

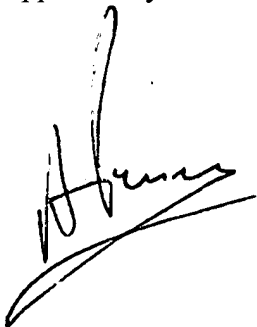
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

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

Approved by the Board of Directors and signed on its behalf by:



**A.Pearce**  
Director  
10th December 2020

**AXA GROUP OPERATIONS UK LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**AXA GROUP OPERATIONS UK LIMITED**

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**Report on the audit of the financial statements**

**Opinion**

In our opinion, AXA Group Operations UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Reports and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the income statement, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**AXA GROUP OPERATIONS UK LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AXA GROUP OPERATIONS UK LIMITED**

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**Conclusions relating to going concern**

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

**AXA GROUP OPERATIONS UK LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AXA GROUP OPERATIONS UK LIMITED**

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**Strategic Report and Directors' Report**

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 year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

**Responsibilities for the financial statements and the audit**

**Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

**Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**AXA GROUP OPERATIONS UK LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AXA GROUP OPERATIONS UK LIMITED**

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**Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

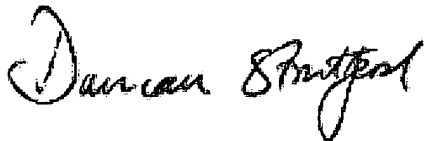
**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Duncan Stratford (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
10th December 2020.

**AXA GROUP OPERATIONS UK LIMITED****Income Statement  
For the year ended 31 December 2019**

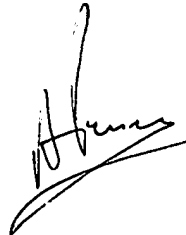
	<u>Note</u>	<b>2019</b>	2018
		£	£
Revenue	2	<b>70,748,021</b>	73,655,549
Administrative expenses		<b>(66,554,824)</b>	(71,610,650)
<b>Profit on ordinary activities before interest and taxation</b>		<b>4,193,197</b>	2,044,899
Interest receivable and similar income		-	105,681
<b>Profit on ordinary activities before taxation</b>	5	<b>4,193,197</b>	2,150,580
Tax on profit	6	<b>(734,533)</b>	(437,258)
<b>Profit for the financial year</b>		<b>3,458,664</b>	1,713,323

The Company has no recognised losses other than those included in the income statement account above, and therefore no separate statement of comprehensive income has been reported.

**AXA GROUP OPERATIONS UK LIMITED**  
**Statement of Financial Position**  
**As at 31 December 2019**

	<u>Note</u>	2019 £	2018 £
<b>Fixed Assets – Tangible Assets</b>	7	2,542,840	600,266
<b>Current assets</b>			
Debtors	8	26,590,533	20,043,081
Cash at bank and in hand		20,136,812	26,976,968
		<u>46,727,345</u>	<u>47,020,050</u>
<b>Creditors – amounts falling due within one year</b>	9	<u>(38,363,968)</u>	<u>(40,038,962)</u>
<b>Net current assets</b>		8,363,377	6,981,088
<b>Total assets less current liabilities</b>		10,906,217	7,581,3354
<b>Provisions for Liabilities</b>	10	(1,299,671)	(1,433,471)
<b>Net assets</b>		<u>9,606,547</u>	<u>6,147,883</u>
<b>Capital and reserves</b>			
Called up share capital	12	23,393,000	23,393,000
Profit and loss account		(13,786,453)	(17,245,117)
<b>Total shareholders' funds</b>		<u>9,606,547</u>	<u>6,147,883</u>

These financial statements on pages 14 to 35 were approved by the Board of Directors on 10th December 2020 and signed on its behalf by:



**A. Pearce**  
Director



**AXA GROUP OPERATIONS UK LIMITED****Statement of Changes in Equity  
For the year ended 31 December 2019**

	<b>Called up Share Capital</b>	<b>Profit and Loss Account</b>	<b>Total Shareholders' (deficit)/funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance as at 1 January 2018</b>	<b>23,393,000</b>	<b>(18,958,440)</b>	<b>4,434,560</b>
Profit for the year ended 31 December 2018	-	1,713,323	1,713,323
Issue of share Capital	-	-	-
<b>At 31 December 2018</b>	<b><u>23,393,000</u></b>	<b><u>(17,245,117)</u></b>	<b><u>6,147,883</u></b>
<b>Balance as at 1 January 2019</b>	<b>23,393,000</b>	<b>(17,245,117)</b>	<b>6,147,883</b>
Profit for the Financial year	-	3,458,664	3,458,664
<b>At 31 December 2018</b>	<b><u>23,393,000</u></b>	<b><u>(13,786,453)</u></b>	<b><u>9,606,547</u></b>

The information on pages 17 to 35 forms an integral part of these financial statements

## **AXA GROUP OPERATIONS UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **1. SUPPORT ARRANGEMENTS**

The Company provides IT service delivery and project services to the AXA UK plc Group of companies.

In order to be for the Company to be in a position to meet its liabilities as they fall due, (in the case that future cash-flows are not sufficient), the directors have obtained assurances on the continued financial support of the Company from AXA Technology Services SAS, the parent Company, in the form of a letter of support covering a period of at least 12 months from the date of the financial statements.

Accordingly, the directors are satisfied that it is appropriate to prepare financial statements on a going concern basis.

#### **2. ACCOUNTING POLICIES**

The principal accounting policies, which have been consistently applied, are set out below.

##### **a) Basis of Accounting**

These financial statements have been prepared in accordance with Financial Reporting Standard 101. 'Reduced Disclosure Framework' (FRS101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

FRS 101 sets out a reduced disclosure framework which addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted international Financial Reporting Standards.

The Company has taken the following exemptions in preparing the financial statements, in accordance with FRS101

- The requirements of IAS 1 Presentation of Financial Statements paragraph 16 regarding an explicit and unreserved statement of compliance with IFRS accounting, in accordance with FRS 101 paragraph 8(g).

**AXA GROUP OPERATIONS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**a) Basis of Accounting (Continued)**

- The requirements of IAS 7 Statement of Cash Flows in accordance with FRS 101 paragraphs 8(h) and where relevant, 8(g).
- The requirements of IAS 8 Accounting Policies, Changes in Accounting Estimate and Errors paragraphs 30 and 31 in respect of new standards, amendments and interpretations issued but not effective for the financial year in accordance with FRS 101 paragraph 8(i).
- The requirements of IAS 24 Related Party Disclosures paragraph 17, to disclose key management compensation in accordance with FRS 101 paragraph 8(j).
- The requirements of 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 party to a transaction is wholly owned by such a member, in accordance with FRS 101 paragraph 8(k).
- The requirements of IFRS 7 Financial Instruments: Disclosures in accordance with FRS 101 8 (d).

**b) Revenue**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement

**AXA GROUP OPERATIONS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)****2. ACCOUNTING POLICIES (CONTINUED)****b) Revenue (Continued)****(a) Sale of goods**

The Company sells a range of IT products to other companies within AXA Group. Sales of goods are recognised when the Company has delivered products to the buyer

Sales are recorded based on the price specified in the sales contracts. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with the market practice.

**b) Sale of services**

The Company sells IT services to other companies within AXA Group. For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

The revenue in the financial statements per geographical market is:

	2019 £	2018 £
UK	52,403,251	57,298,455
Switzerland	1,562,847	4,529,117
Ireland	1,247,137	1,473,377
Other European Countries	15,334,246	9,931,430
Other Non-European Countries	200,540	259,200
	<u>70,748,021</u>	<u>73,491,579</u>

**AXA GROUP OPERATIONS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**c) Administrative expenses**

Administrative expenses are accounted for on an accruals basis and relate to cost of IT infrastructure, payroll and other charges in relation to providing services on behalf of the group.

**d) Fixed Assets**

Tangible assets are capitalised at cost and depreciated by equal instalments over their estimated useful lives. 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. Capital expenditure on computer equipment is written off over periods between three to five years and office furniture and equipment are written off over five to ten years. Work in progress represents the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. No depreciation is charged on work in progress.

**e) Operating Lease Agreements**

IFRS 16 was adopted in the current year (please refer to note 16 of the accounts). Short term rentals (under 12 months) are charged to the profit and loss, as the company has adopted the practical expedient available under IFRS16.

**f) Current and Deferred Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction,

**AXA GROUP OPERATIONS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**2. ACCOUNTING POLICIES (CONTINUED)**

affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**g) Staff Pension Costs**

Members of staff who are 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 accurately to identify its share of the underlying assets and liabilities of the defined benefit section.

The Company has taken advantage of the concession in IAS 19 paragraph 34 which allows limited reporting by individual companies who participate in a group-wide pension arrangement that does not enable individual companies within the group to identify their share of the underlying assets and liabilities. In such cases, IAS 19 allows for a defined benefit scheme to be treated by the participating Company as if it were a defined contribution arrangement.

**h) Foreign currencies**

Transactions in foreign currencies are translated into their functional currency at the rates applicable when they were completed. Monetary assets and liabilities at the year end are translated at the rate at that date. Gains and losses on foreign currency transactions are taken to the income statement.

**i) Payment of Creditors**

The Company's policy on the payment of creditors is to agree terms of payment when orders for goods and services are placed and to pay in accordance with those terms.

**AXA GROUP OPERATIONS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. DIRECTORS' EMOLUMENTS, STAFF NUMBERS AND COSTS**

	2019	2018
a) The average number of persons (including Directors) employed by the Company	220	220

All employees are engaged in the delivery of IT Services.

	2019 £	2018 £
b) Wages and salaries	16,111,670	14,911,772
Social security costs	1,900,469	1,864,163
Other pension costs	1,986,684	5,935,050
	<u>19,998,823</u>	<u>22,710,985</u>

**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.

	2019 £'000	2018 £'000
Aggregate emoluments excluding amounts receivable under long-term incentive schemes	293	276
Amounts receivable (excluding gains on exercise of share options and value of shares received) under long-term incentive schemes	0	25
Aggregate pension contributions:		
Defined Benefit	-	-
Defined Contribution	0	20
Aggregate compensation paid to directors for loss of office	-	167

**AXA GROUP OPERATIONS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. DIRECTORS' EMOLUMENTS, STAFF NUMBERS AND COSTS  
(CONTINUED)****Amounts attributable to highest paid director**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments	172	143
Accrued pension at end of year	0	15

Retirement benefits are accruing to no directors (2018: three) under a defined contribution pension scheme. Retirement benefits are accruing to no directors (2018: none) under a defined benefits pension 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.

No director exercised share options or employee sharesave options in AXA UK plc during the year. (2018: None )



**AXA GROUP OPERATIONS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**4. STAFF PENSION COSTS**

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.

The AXA UK Group pension scheme is targeted to be fully funded over a ten year time horizon (2028), contributions are payable in the event that the funding deficit is below a pre-agreed anticipated level. 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. Following the 2018 triennial actuarial valuation, it was agreed between the Trustee and AXA UK that over the next annual reporting period the contributions to be paid will be nil (2018: £66m payable in 2019). The assumptions adopted for the triennial actuarial valuations are determined by the Trustee 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 £263m as at 31 December 2019 (£293m surplus as at 31 December 2018) after reflecting the investment in AXA Scotland Limited Partnership. 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.

**AXA GROUP OPERATIONS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****4. STAFF PENSION COSTS (CONTINUED)**

The total pension cost which has been charged to the profit and loss account of the Company is £1,986,684 (2018:£5,935,050). The outstanding contributions as at 31 December 2019 are £Nil (2018: £Nil).

**5. PROFIT/(LOSS) BEFORE TAXATION**

	2019	2018
	£	£
<b>Profit before taxation is stated after charging:</b>		
Auditors' remuneration: Audit Services	35,000	33,960
Depreciation of tangible fixed assets	930,613	1,949,255
Operating lease rentals	2,916	92,496

Operating Lease Rentals are all in respect of Plant and Machinery (predominantly Computer equipment) for both 2019 and 2019.

## AXA GROUP OPERATIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6. TAX ON PROFIT

## a) Analysis of charge in year

	2019	2018
	£	£
<b>Current tax:</b>		
UK Corporation Tax on profits/ for the year	537,325	232,742
Adjustments in respect of previous years	<u>30,131</u>	<u>445,591</u>
Total current tax	<u>567,456</u>	<u>678,333</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	232,979	158,541
Impact of change in tax rate	-	-
Adjustments in respect of previous years	<u>(65,902)</u>	<u>(399,616)</u>
Total deferred tax	<u>167,077</u>	<u>(241,075)</u>
<b>Tax on Profit</b>	<u><u>734,533</u></u>	<u><u>437,258</u></u>

Corporation tax is calculated at 19% (2018: 19%) of the estimated taxable profit for the year.

The charge for the year can be reconciled to the loss in the income statement as follows:

	2019	2018
	£	£
Profit/(Loss) before taxation	<u>4,193,197</u>	<u>2,150,580</u>
Tax at the UK Corporation tax rate of 19% (2018: 19%)	796,707	408,610
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,005	1,325
Tax effect of income not taxable	-	-
Reassessment of deferred tax – Change in UK Tax rate	<u>(27,408)</u>	<u>(18,652)</u>
Adjustments in respect of previous years	<u>(35,771)</u>	<u>45,975</u>
<b>Total tax charge for the year</b>	<u><u>734,533</u></u>	<u><u>437,258</u></u>

## AXA GROUP OPERATIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6. TAX ON PROFIT/(LOSS) (CONTINUED)

## b) Deferred Tax

	Accelerated tax depreciation	In Respect of Employee benefits	Total
	£	£	£
At 1 January 2018	2,004,055	243,562	2,247,617
Charge to income statement	-	-	-
At 1 January 2019 and 31 December 2018	2,004,055	243,562	2,247,617
Charge to income statement	(291,604)	124,527	(167,077)
Transfer from Group Undertaking	-	-	-
<b>Total Deferred Tax at 31 December 2019</b>	<b>1,712,451</b>	<b>368,089</b>	<b>2,080,540</b>
At 31 December 2018	2,004,055	243,562	2,247,617

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:

	2019 £	2018 £
Deferred tax assets	2,080,540	2,247,617
	<u>2,080,540</u>	<u>2,247,617</u>

## AXA GROUP OPERATIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 7. TANGIBLE ASSETS

	Computer Equipment £	Office Furniture & Equipment £	Work in Progress £	Total £
<b>Cost</b>				
At 1 January 2019	27,362,572	-	-	27,362,572
Additions	2,873,187	-	-	2,873,187
Disposals	-	-	-	-
Transfers	-	-	-	-
<b>At 31 December 2019</b>	<b>30,235,759</b>	<b>-</b>	<b>-</b>	<b>30,235,759</b>
<b>Accumulated depreciation</b>				
At 1 January 2019	26,762,341	-	-	31,658,192
Charge for the year	930,613	-	-	930,613
Disposals	-	-	-	-
<b>At 31 December 2019</b>	<b>27,692,954</b>	<b>-</b>	<b>-</b>	<b>27,692,954</b>
<b>Net Book Value</b>				
<b>At 31 December 2019</b>	<b>2,542,840</b>	<b>-</b>	<b>-</b>	<b>2,542,840</b>
At 31 December 2018	600,231	-	-	600,231

## AXA GROUP OPERATIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 8. DEBTORS

	2018	2018
	£	£
<b><u>Amounts falling due within one year</u></b>		
Trade debtors	206,766	27,092
Amounts owed by group undertakings	16,468,564	11,075,116
Other debtors	0	0
Prepayments and accrued income	9,117,919	7,409,058
<b><u>Amounts falling due greater than one year</u></b>		
Deferred tax asset	2,080,540	2,247,617
Corporation Tax - Current	(1,283,257)	(715,802)
	<u>26,590,532</u>	<u>20,043,081</u>

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

## 9. CREDITORS

	2019	2018
	£	£
<b><u>Amounts falling due within one year</u></b>		
Amounts owed to group undertakings	20,712,636	21,359,887
Taxation and social security	-	-
Other creditors	7,091,853	2,079,406
Accruals and deferred income	10,559,479	16,599,669
	<u>38,363,968</u>	<u>40,038,962</u>

Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand.

**AXA GROUP OPERATIONS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****10. PROVISIONS FOR LIABILITIES**

	<b>Exit Provision</b>
	<b>£</b>
At 1 January 2019	1,433,471
Provision recognised in the year	-
Provision utilised in the year	(133,800)
<b>At 31 December 2019</b>	<b>1,299,671</b>

**Voluntary Exit Provision**

A provision was created during 2016 to recognise costs related to staff who exited the organisation as part of an exit agreement following the change of base from Lytham to Bolton. This redundancy part of the provision was fully utilised in 2017. The Company still recognises a provision relating to enhanced pension costs due to no confirmation being received from the pension trustees with regard to amounts that need to be paid. The costs of the programmes have been reimbursed by AXA UK. In 2017, following the sale of AXA Wealth a further provision was made relating to staff exiting the organisation as AXA Global Services would no longer provide services to that part of the organisation from mid 2018.

**11. CAPITAL AND OTHER COMMITMENTS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Contracts placed for future revenue expenditure not provided in the financial statements	<u><b>2,017,930</b></u>	<u><b>2,555,486</b></u>

The above commitment related to contracts with EE for mobile telephony and Vodafone WAN. There is no longer a commitment related to Vodafone LAN.

**AXA GROUP OPERATIONS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****11. CAPITAL AND OTHER COMMITMENTS(CONTINUED)****Operating Leases:**

Commitments under leases to pay rentals are given in the table below. The complete amounts due under the lease are analysed when payments are due:

	<b>Land &amp; buildings 2019 £</b>	<b>Other 2019 £</b>	<b>Land &amp; Buildings 2018 £</b>	<b>Other 2018 £</b>
<b>Amounts payable:</b>				
Within one year	-	-	-	844
Within 2-5 years	-	-	-	-
Total	-	-	-	844

**12. CALLED UP SHARE CAPITAL****Authorised, called up and fully paid shares**

	<b>2019 No.</b>	<b>2019 £</b>	<b>2018 No.</b>	<b>2018 £</b>
<b>Ordinary shares</b>	<b>23,393,000</b>	<b>23,393,000</b>	<b>23,393,000</b>	<b>23,393,000</b>

**13. CASH FLOW STATEMENT**

The Company has taken advantage of the reduced disclosure requirements under FRS101 not to prepare a cash flow statement on the grounds that it is a subsidiary undertaking of a parent undertaking which produces a consolidated cash flow statement. The cashflow of the Company is consolidated in the AXA group financial statements, which can be obtained from 23, avenue Matignon, 75008 Paris, France.



**AXA GROUP OPERATIONS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****14. RELATED PARTY TRANSACTIONS**

As the Company is a wholly-owned subsidiary of AXA SA it has taken advantage of the exemption granted under FRS101 (Related Party Disclosures) where wholly-owned subsidiary undertakings do not have to disclose transactions with wholly-owned group companies qualifying as related parties where publicly available consolidated financial statements are produced.

The Company also has transactions with non wholly owned Companies within the AXA SA Group and these are disclosed below:

**Amounts included within Income Statement**

	2019	2018
	£	£
<b>Sales to Related Parties:</b>		
AXA UK Plc	49,780,064	46,898,767
AXA Insurance UK PLC	286,426	(19,799)
AXA PPP Healthcare Limited	311,983	718,119
AXA Corporate Solutions Services UK Limited	490,280	796,462
AXA Liabilities Managers SAS	63,324	232,706
AXA Ireland Limited	1,247,436	1,473,377
AXA Africa Special Risks Holding Limited	79,259	612,428
AXA Polska S.A.	328,741	334,504
AXA Polska Zycie	587,901	655,501
AXA Baank Europe SA magyarorszag	128,967	131,806
AXA Slovakia	311,186	286,624
AXA Ceska Republika S.R.O.	803,760	677,576
PJSC "IC"AXA Insurance"	30,711	117,815
AXA Romania	-	1,175
Architas Limited	1,359,680	1,538,946
Winterthur Financial Services UK Limited	-	6,666,472
AXA Assistance	32,236	27,724

**AXA GROUP OPERATIONS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**14. RELATED PARTY TRANSACTIONS (CONTINUED)**

<b>Amounts Owed by Related Parties:</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
AXA UK PLC	<b>7,241,300</b>	2,802,414
AXA PPP Healthcare Limited	<b>28,181</b>	133,426
Architas Ltd	-	311,161
AXA Corporate Solutions Services UK Limited	<b>1,040</b>	3,267
AXA Czech Republic	<b>198,104</b>	198,104
AXA Assistance	<b>14,203</b>	14,203
AXA Polska S.A.	<b>262,107</b>	262,107
AXA Polska Zycie	<b>491,712</b>	491,712
AXA Banque	<b>134,074</b>	134,074
AXA Africa Specialty Risks Holding Limited	<b>517,786</b>	517,786
AXA Liabilities Managemen	<b>200</b>	33,230
AXA Slovakia	<b>87,233</b>	87,233
AXA Ukraine	<b>54,433</b>	54,433
AXA Ireland Limited	<b>43,518</b>	139,674
Winterthur Financial Services UK Limited	<b>77,105</b>	77,105

**AXA GROUP OPERATIONS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****14. RELATED PARTY TRANSACTIONS (CONTINUED)**

<b>Amounts Owed to Related Parties:</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
AXA Insurance UK PLC	<b>8,955,244</b>	<b>7,364,681</b>

**15. IMMEDIATE AND ULTIMATE PARENT COMPANY**

The Company is a subsidiary undertaking of AXA Services SAS, a Company incorporated and registered in France.

In the opinion of the directors, the Company's ultimate parent and controlling Company is AXA SA, a Company incorporated in France. The parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared is AXA. Copies of the AXA group financial statements can be obtained from 23 Avenue Matignon, 75008 Paris, France.

**16. CHANGES IN ACCOUNTING POLICY**

This note explains the impact of the adoption of IFRS16 Leases has had on the Company's individual financial statements.

**IFRS 16 - Leases**

The Company has adopted IFRS 16 retrospectively from 1 January 2019, but as permitted under the standard has chosen not to restate comparatives, but instead report the impact of the adoption of the standard within opening profit and loss account reserve on 1 January 2019.

On transition to IFRS 16 the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases.

Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 2019.

**AXA GROUP OPERATIONS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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On applying IFRS 16, the company has chosen to utilise the below practical expedients

- (i) Accounting for operating leases with a minimum lease term of less than 12 months as at 1 January 2019 as short-terms leases.

The short term lease charges are disclosed within note 5 to the accounts and the adoption of IFRS 16 has not impacted the Company's Income Statement or Balance Sheet.

**17. POST BALANCE SHEET EVENTS**

During December 2019, a number of cases of pneumonia associated with the coronavirus, now called COVID-19 by the World Health Organisation ("WHO"), were reported in the People's Republic of China. In the early part of 2020 this virus subsequently spread to many other countries, and it is currently not possible to know or predict the extent to which the current levels of reported cases reflect the actual transmission of the virus within populations, and accordingly the scale of the pandemic may be significantly larger than is currently recorded.

Authorities in many countries, including the UK, have taken stringent measures (including travel restrictions, home quarantine, lockdowns and school closures) to contain the pace and scale of its spread. This has led to significant disruption in the global travel and hospitality industries, and in global trade and supply chains more broadly; has resulted in decreased economic activity and lowered estimates for future economic growth; has created severe strain on local, national and supra-national medical and healthcare systems and institutions; and has caused global financial markets to experience significant volatility and the worst downturn since the 2008 crisis.

The Group company and the companies in which it has holdings, are in the process of establishing and implementing plans to address how they will manage the effects of the outbreak and assess disruptions and other risks to its operations. These include the protection of employees, sustaining services to customers and other stakeholders and ensuring effective processes are in place to communicate and execute such plans.

The directors are closely monitoring the Company's exposure to the COVID-19 outbreak, including i) The operational impact on its business, ii) The consequences from a deterioration in macroeconomic conditions iii) a slowdown in the flow of people, goods and services. At the time of writing, the impact of the coronavirus is not expected to be significant to the Company, however, due to the uncertainty of the situation, the directors are unable to quantify the impact to the Company.