

Registration number: 02548573

# AXA ICAS Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



# AXA ICAS Limited

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## **AXA ICAS Limited**

### **Company Information**

**Directors** C. J. Horlick  
G. Parkinson  
M. A. Vardy  
T. N. Garrad

**Company secretary** K. A. Beggs

**Registered office** 5 Old Broad Street  
London  
EC2N 1AD

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

## AXA ICAS Limited

### Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report on AXA ICAS Limited ("the Company") for the year ended 31 December 2019.

#### Principal activity

The principal activity of the Company is the provision of counselling and advisory services. In conjunction with AXA ICAS Occupational Health Services Limited, which provides occupational health and consultancy services, the two companies deliver wellbeing services to corporate clients in support of the wider health strategy of the AXA PPP Healthcare business as a whole.

During the year the Company also provided counselling and advisory services to global clients, under the trade name ICAS International.

#### Fair review of the business

The loss before taxation for the financial year was £880k (2018: profit £333k). The loss for the year compared to prior year was due to cost of sales increasing at a greater rate than turnover.

#### Business Environment

The EAP (Employee Assistance Programme) and wellbeing markets in the United Kingdom are highly competitive with evident opportunities to retain market share and pursue new related markets. These opportunities are constantly reviewed and targeted in coherence with improving the effectiveness and efficiency of the core services delivered.

#### Strategy

AXA UK's strategy for 2020-2023 will focus on five core themes which resonate with each of the four business units and drive value for the UK business as a whole. The Company will align its own strategy as far as possible to those themes.

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

		2019	2018
Turnover	£'000	15,156	14,414
(Loss)/profit on ordinary activities before taxation	£'000	(880)	333

#### Principal risks and uncertainties

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

The principal risk, given the nature of the business and the competitive nature of the market, is client retention and failure to obtain further new business.

## AXA ICAS Limited

### Strategic Report for the Year Ended 31 December 2019 (continued)

#### Brexit

The implications to the Company of the United Kingdom's departure from the European Union on 31 January 2020 have been considered, specifically the effects this could have on estimations and judgements made in the preparation of the financial statements, including an assessment of the impact a hard Brexit could have on earnings. 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. The directors anticipate limited operational impacts arising from Brexit.

#### Future Developments

The directors aim to continue growing the UK business by providing employee support both directly to corporate clients and indirectly as part of the wider AXA group.

The impact of the COVID-19 pandemic is being monitored and plans are being established and implemented to manage the effects of the outbreak and assess disruptions and other risks to its operations. In particular the Company's management information flows, risk management processes and internal controls systems are being closely monitored and alternative mitigating controls are being introduced as appropriate. The directors are also monitoring potential adverse effects of the spread of COVID-19 on the Company's business activities, in particular, the scope and severity of any further downturn in global financial markets and the global economy and consequential impacts to the AXA UK Group investment portfolio; and the extent of the impact on the insurance businesses of the companies to which the Company provides services. Depending on the rate of transmission and related mortality, COVID-19 may have significant adverse effects on our business, operations and financial results. The directors consider that the financial impact of the COVID-19 virus on the UK economy and the Company is not currently estimable with any degree of certainty.

Approved by the Board on 6 August 2020 and signed on its behalf by:



.....  
M. A. Vardy  
Director

## AXA ICAS Limited

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

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

#### **Future developments**

Future developments are discussed within the Strategic report.

#### **Going concern**

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

The Company has 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 strategic plan to 2023. The directors therefore believe that the Company is well placed to manage its business risks despite the current uncertain economic outlook arising from the current COVID-19 pandemic, and the directors have a reasonable expectation, based on sensitivity analyses, that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the annual financial report.

#### **Directors of the company**

The directors, who held office during the year, were as follows:

A. I. K. Davies (resigned 19 March 2020)

C. J. Horlick

G. Parkinson

M. A. Vardy

A. Wilkinson (resigned 31 March 2019)

The following director was appointed after the year end:

T. N. Garrad - Chairman (appointed 10 June 2020)

#### **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.

#### **Employment of disabled persons**

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.

## AXA ICAS Limited

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

#### Employee involvement

The Company is committed to a policy of equal opportunity in recruitment, training, career development and promotion of staff, irrespective of gender, gender reassignment, marital status, ethnicity, sexual orientation, religion or belief of age, disability, pregnancy or any other protected ground.

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

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

#### Branches outside the United Kingdom

The Company has a branch in Dubai which was opened on 26 February 2018 called AXA ICAS Limited (DMCC Branch).

#### Political donations

The Company made no donations for political purposes.

#### Non-adjusting events after the financial period

##### COVID-19 OUTBREAK

During December 2019, a number of cases of pneumonia associated with the Coronavirus, now called COVID-19 by the World Health Organization ("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 to 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 presently 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 disruptions 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 strains 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 Company and the companies to which it provides services 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 exposures to the COVID-19 outbreak, including (i) the operational impact on its business, (ii) the consequences from a deterioration in macroeconomic conditions and a slowdown in the flow of people, goods and services and (iii) the financial condition of other AXA entities.

#### SALE OF AXA ICAS LIMITED

On the 19 March 2020 the Company was sold by its immediate parent, ICAS International Holdings Limited, to AXA PPP Healthcare Group Limited for £2,866k.

## AXA ICAS Limited

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

#### SALE OF INTERNATIONAL BOOK OF BUSINESS

On the 19 March 2020 the international book of business was sold to ICAS International Holdings Limited for £4,573k as part of the new strategic plan to focus on the UK market.

#### 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.

#### 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 6 August 2020 and signed on its behalf by:



.....  
M. A. Vardy  
Director



## AXA ICAS Limited

### Independent Auditor's Report to the Members of AXA ICAS Limited

#### Opinion

We have audited the financial statements of AXA ICAS Limited (the "Company") for the year ended 31 December 2019, which comprise the Profit and Loss Account, Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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.

#### Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 3, and the consideration in the going concern basis of preparation on page 14 and non-adjusting post balance sheet events on page 34.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

#### 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.

## AXA ICAS Limited

### Independent Auditor's Report to the Members of AXA ICAS Limited (continued)

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

## AXA ICAS Limited

### Independent Auditor's Report to the Members of AXA ICAS Limited (continued)

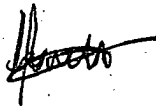
#### Auditor's responsibilities for the audit of the financial statements

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](http://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.



.....  
Leanne Finch (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

6 August 2020

AXA ICAS Limited

Profit and Loss Account for the Year Ended 31 December 2019

	Note	Continuing operations 2019 £ 000	Discontinued operations 2019 £ 000	Total 2019 £ 000	(Restated) Continuing operations 2018 £ 000	Discontinued operations 2018 £ 000	(Restated) Total 2018 £ 000
Turnover	4	9,045	6,111	15,156	9,016	5,398	14,414
Cost of sales		(7,701)	(4,199)	(11,900)	(7,565)	(3,322)	(10,887)
Gross profit		1,344	1,912	3,256	1,451	2,076	3,527
Administrative expenses		(1,485)	(2,387)	(3,872)	(1,310)	(1,954)	(3,264)
Other operating (expenses)/income	5	(6)	(255)	(261)	14	56	70
Operating (loss)/profit		(147)	(730)	(877)	155	178	333
Interest payable and similar charges	6	(3)	-	(3)	-	-	-
		(3)	-	(3)	-	-	-
(Loss)/profit before tax		(150)	(730)	(880)	155	178	333
Tax on (loss)/profit on ordinary activities	10	(204)	173	(31)	(18)	(243)	(261)
(Loss)/profit for the year		(354)	(557)	(911)	137	(65)	72

The notes on pages 14 to 35 form an integral part of these financial statements.  
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**AXA ICAS Limited**

**Statement of Comprehensive Income for the Year Ended 31 December 2019**

		(Restated)
	Note	2018
		£ 000
(Loss)/profit for the year		72
<b>Items that may be reclassified subsequently to profit or loss</b>		
Foreign currency translation gains/(losses)		-
Total comprehensive income for the year		72

The notes on pages 14 to 35 form an integral part of these financial statements.

AXA ICAS Limited

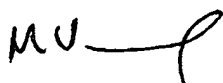
(Registration number: 02548573)  
Balance Sheet as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
<b>Fixed assets</b>			
Intangible assets	11	136	141
Tangible assets	12	139	81
		<u>275</u>	<u>222</u>
<b>Current assets</b>			
Debtors	13	7,988	7,731
Cash at bank and in hand		1,979	3,289
		<u>9,967</u>	<u>11,020</u>
Creditors: Amounts falling due within one year	14	<u>(3,402)</u>	<u>(3,677)</u>
<b>Net current assets</b>		<u>6,565</u>	<u>7,343</u>
<b>Total assets less current liabilities</b>		<u>6,840</u>	<u>7,565</u>
Creditors: Amounts falling due after more than one year	15	<u>(175)</u>	<u>(7)</u>
<b>Net assets</b>		<u>6,665</u>	<u>7,558</u>
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Equity capital	18	41	41
Other reserves	18	17	-
Profit and loss account	18	6,606	7,516
Shareholder's funds		<u>6,665</u>	<u>7,558</u>
			<b>2019</b>
			<b>£ 000</b>

Included within Net Assets are the following assets and liabilities classified as held for sale (see note 23)

Assets classified as held for sale	<u>5,389</u>
Liabilities directly associated with assets classified as held for sale	<u>(1,341)</u>

Approved by the Board on 6 August 2020 and signed on its behalf by:



.....  
M. A. Vardy  
Director

AXA ICAS Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Equity capital £ 000	Foreign currency translation £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	1	41	-	7,516	7,558
Change in accounting policy	-	-	-	1	1
At 1 January 2019 (As restated)	1	41	-	7,517	7,559
Loss for the year	-	-	-	(911)	(911)
Other comprehensive income	-	-	17	-	17
Total comprehensive income	-	-	17	(911)	(894)
At 31 December 2019	1	41	17	6,606	6,665

	Share capital £ 000	Equity capital £ 000	(Restated) Retained earnings £ 000	Total £ 000
At 1 January 2018	1	41	(7,294)	(7,252)
Change in accounting policy	-	-	117	117
At 1 January 2018 (As restated)	1	41	(7,177)	(7,135)
Profit for the year	-	-	72	72
Total comprehensive income	-	-	72	72
Capital contribution	-	-	14,621	14,621
At 31 December 2018	1	41	7,516	7,558

The notes on pages 14 to 35 form an integral part of these financial statements.

## AXA ICAS Limited

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

#### 1 General information

The Company provides counselling and advisory services to corporate clients in support of the wider health strategy of the AXA PPP Healthcare business as a whole.

The Company is a private limited company limited by shares under the Companies Act 2006, which is incorporated and domiciled in the United Kingdom ("UK").

The address of its registered office is:

5 Old Broad Street  
London  
EC2N 1AD  
UK

These financial statements were authorised for issue by the Board on 6 August 2020.

#### 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.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial. In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the comparative income statement has been re-presented so that the disclosures in relation to discontinued operations relate to all operations that have been discontinued by the balance sheet date (see note 23).

Other operating income in 2018 has been restated by £14,621k relating to an intercompany loan write off, due to a subsequent review determining that the waiving of such balances constitute the provision of capital. The directors believe that the current year presentation for the above is appropriate.

The Company has 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 strategic plan to 2023. The directors consider that the financial impact of the COVID-19 virus on the UK economy and the Company is not currently estimable with any degree of certainty. In considering the potential impact on the Company, the directors have prepared various financial projections which incorporate the impact on trading, unemployment levels, financial markets and GDP, covering short, medium and longer-term time scales.

The directors believe that the Company is well placed to manage its business risks despite the current uncertain economic outlook, and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial report.



## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

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 paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment'; disclosing the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined.
- (b) 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.
- (c) The requirements of paragraph 52, 58 and paragraphs 90, 91 and 93 of IFRS 16 leases.
- (d) 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.
- (e) 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 73(e) of IAS 16 Property, Plant and Equipment;
- (f) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111, and 134 to 136 of IAS 1 Presentation of Financial Statements.
- (g) The requirements of IAS 7 Statement of Cash Flows.
- (h) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- (i) The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures.
- (j) 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.
- (k) 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.

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

##### Changes in accounting policy

##### New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2019 and have had an effect on the financial statements:

##### *IFRS 16 Leases*

IFRS 16 Leases was issued on 13 January 2016 and was endorsed by the EU in 31 October 2017. It replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The main effect on the Company is that IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for almost all leases and therefore resulted in an increase in Land and Buildings and total Financial Debt as at 1 January 2019.

The cumulative effect of initially applying IFRS 16 relates entirely to property leases and totalled £1k. It was recognised as an increase to the opening balance of retained earnings on 1 January 2019. The adjustment represented the difference between the recognition of a right of use asset of £138k and a lease liability of £137k.

At the transition date, discount rates ranged from 0.63% to 2.10% depending on the duration of the leases.

The difference between the amount of lease commitments reported as at 31 December 2018 of £1,360k and the lease liability of £137k arises mainly from the derecognition of amounts that do not meet the definition of a lease. Further details are shown in note 25 'Transition to IFRS 16'.

None of the other other standards, interpretations and amendments effective for the first time from 1 January 2019 have had a material effect on the financial statements.

##### Revenue recognition

##### *Recognition*

The Company earns revenue from the provision of services relating to occupational health and wellbeing. 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.

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

##### *Fee arrangements*

Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

- Contract fees represent contracts for the provision of employee wellbeing services, which is recognised evenly over the period of each contract. It is recognised on an accruals basis which means that revenue invoiced but yet to be earned is recognised as "Deferred income" and revenue earned but not yet invoiced is recognised as "Accrued income".
- Ad hoc medical services are recognised on an accruals basis, in accordance with the provision of the service.

##### *Performance obligations*

The main performance obligations in contracts consist of the provision of occupational health services such as musculoskeletal, proactive, occupational and psychological health/ESP. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date on the basis of time elapsed.

##### *Contract assets and receivables*

Where goods or 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 and represent the right to consideration for products delivered.

Contract receivables (loans and advances) are recognised in the balance sheet when the company's right to consideration becomes unconditional.

Contract assets & receivables (loans and advances) 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 products and meet performance obligations for that consideration.

##### *Impairment of contract related balances*

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a number of years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

##### **Cost of Sales**

Direct operational and clinical costs incurred to deliver employee support and wellbeing services are classified as "Cost of sales". The expenses are recognised over the period during which they are incurred on an accruals basis, regardless of when payments are made.

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

##### **Administrative Expenses**

Costs incurred to support the delivery of occupational health, employee support and wellbeing contracts including facilities and general administration are classified as "Administrative expenses". The expenses are recognised over the period during which they are incurred on an accruals basis, regardless of when payments are made.

##### **Foreign currency transactions and balances**

All transactions denominated in foreign currencies are translated at the prevailing exchange rate of the month in which they are recorded. All assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the appropriate rate at that date.

##### **Leases (Pre 1 January 2019)**

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

##### **Leases (post 1 January 2019)**

The Company made an assessment of whether a contract is or contains a lease at inception of the contract. Where there is a lease, the Company recognises a right of use asset and a lease liability at the commencement of the lease.

The right of use asset is initially measured at cost, which comprises the initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located and the cost of obligation to refurbish the asset, less any incentives received. The right of use asset is subsequently depreciated over the lease term. The right of use asset is subject to testing for impairment if there is an indicator for impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The weighted average incremental borrowing rate used to measure the lease liability at initial application was 2%. The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in lease term, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Company presents right of use assets within Tangible assets and leased liabilities within Creditors on the Balance Sheet.

Non-lease components, including service charges, rates and utilities, have been separated from the lease payments and reported as expenses when incurred.

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

##### Tax

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying value amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

##### Intangible assets

###### Software development

Costs associated with software development have been capitalised where such expenditure is expected to generate future economic benefits through improvements in efficiency and can be reliably measured. The asset is amortised on the straight line basis over its estimated useful life, subject to a maximum period of 10 years.

##### Tangible assets

Tangible assets comprise furniture, fittings and computer equipment that are stated at historic purchase cost less accumulated depreciation. 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. Depreciation is provided in order to write off each asset on a straight line basis over its estimated useful life of 3 years.

Tangible assets includes the right of use asset for leased assets. The accounting policy for these assets is disclosed within the 'Leases' accounting policy.

##### Assets classified as held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group is allocated to assets and liabilities on pro rata basis, except that no loss is allocated to financial assets and deferred tax assets, which continue to be measured in accordance with the Company's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

##### Defined contribution pension obligation

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

The charge for pension costs principally represents the costs of providing pension benefits to the Company's staff in respect of their service during the year.

In addition to the Scheme, the Company operates a non-contributory defined contribution personal pension scheme covering the majority of permanent employees. The assets of the scheme are held separately in independently administered funds for individual members of staff. The scheme is funded by contributions that are charged to the Profit and Loss Account as incurred in accordance with the employment contract of each director or employee.

#### 3 Critical accounting judgements and key sources of estimation uncertainty

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

##### Deferred tax asset

The carrying value at the reporting date of the net deferred tax asset is £451k (2018: £637k), further details of which are disclosed in the accounting policy and note 9. A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Significant management judgement is applied to determine the deferred tax asset that can be recognised and is based on the probability of future taxable profits.

#### 4 Turnover

The analysis of the Company's turnover for the year by market is as follows:

	2019	2018
	£ 000	£ 000
UK	10,153	8,909
Europe	1,833	1,876
Rest of world	3,170	3,629
	<u>15,156</u>	<u>14,414</u>

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 5 Other operating (expenses)/income

The analysis of the Company's other operating income for the year is as follows:

	2019	2018
	£ 000	£ 000
(Loss)/gain on Foreign Exchange	<u>(261)</u>	<u>70</u>

#### 6 Interest payable and similar charges

	2019	2018
	£ 000	£ 000
Interest expense on leases	<u>3</u>	<u>-</u>

#### 7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£ 000	£ 000
Wages and salaries	9,932	9,012
Social security costs	896	933
Bonus payments	357	191
Other post-employment benefit costs	<u>550</u>	<u>428</u>
	<u>11,735</u>	<u>10,564</u>

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Average number of employees	<u>372</u>	<u>331</u>

#### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019
	£ 000
Remuneration	519
Contributions paid to money purchase schemes	34
Directors amount under long term incentive schemes in respect of qualifying services	<u>22</u>
	<u>575</u>

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 8 Directors' remuneration (continued)

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

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under money purchase pension scheme	3	-

In respect of the highest paid director:

	<b>2019</b>
	<b>£ 000</b>
Remuneration	210
Company contributions to money purchase pension schemes	3

The directors are employed and paid by companies in the AXA Group and their directorships are held as part of that employment. The directors did not receive any emoluments or other benefits from the Company or from any other company in the AXA Group in respect of qualifying services to the Company in the current or prior year.

Mr. C. J. Horlick was a director of AXA PPP Healthcare Administration Services Limited during the year and his emoluments, which relate to his services to the AXA Group as a whole, are disclosed in the financial statements of that company.

No directors exercised share options or employee sharesave options during the year (2018: One).

#### 9 Auditor's remuneration

During the year the Company obtained the following services from the Company's auditor at costs as detailed below:

	<b>2019</b>	<b>2018</b>
	<b>£ 000</b>	<b>£ 000</b>
Audit of the financial statements	11	10

The remuneration of the auditor is borne by a fellow subsidiary company, AXA PPP healthcare limited.



## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 10 Income tax

Tax charged in the profit and loss account

	2019 £ 000	2018 £ 000
<b>Current taxation</b>		
UK corporation tax	(246)	(219)
UK corporation tax adjustment to prior periods	74	(2)
Foreign tax	17	250
<b>Total current income tax</b>	(155)	29
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	228	241
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(42)	(9)
<b>Tax charge in the profit and loss account</b>	31	261

The tax on (loss)/profit for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences for continuing operations are reconciled below:

	2019 £ 000	(Restated) 2018 £ 000
(Loss)/profit before tax	(150)	155
Corporation tax at standard rate	(29)	29
Decrease in current tax from adjustment for prior periods	79	(11)
(Decrease)/increase from effect of expenses not deductible in determining taxable profit (tax loss)	12	-
Deferred tax credit relating to changes in tax rates or laws	(17)	(1)
Other tax effects for reconciliation between accounting profit and tax expense (income)	157	-
<b>Total tax charge</b>	202	17

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 10 Income tax (continued)

The standard rate of tax applied to the reported profit on ordinary activities is 19% (2018: 19%).

Changes to the UK corporation tax rate were enacted in the Finance Act 2016. These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted rates reflected in these financial statements.

It was announced in the budget on 11 March 2020 that the above noted corporation tax rate reduction will be repealed. The effect of this change would be to increase the deferred tax asset at 31 December 2019 by £51k. The budget announcement was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date continue to be measured at the enacted rate at the end of the reporting period of 17%.

#### Deferred tax

##### Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
<b>2019</b>			
Tax losses carry-forwards	169	-	169
Other temporary differences	-	(19)	(19)
Accelerated tax depreciation	301	-	301
Restatement	-	-	-
	470	(19)	451
<b>2018</b>			<b>Asset £ 000</b>
Tax losses carry-forwards			268
Other temporary differences			11
Accelerated tax depreciation			358
Restatement			-
			637

#### Deferred tax movement during the year:

	At 1 January 2019 £ 000	Recognised in income £ 000	At 31 December 2019 £ 000
Tax losses carry-forwards	268	(99)	169
Other temporary differences	11	(30)	(19)
Accelerated tax depreciation	358	(57)	301
Restatement	-	-	-
Net tax assets/(liabilities)	637	(186)	451

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 10 Income tax (continued)

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2018 £ 000
Tax losses carry-forwards	265	3	-	268
Other temporary differences	67	(34)	(22)	11
Accelerated tax depreciation	434	(76)	-	358
Restatement	126	(126)	-	-
Net tax assets/(liabilities)	891	(233)	(22)	637

At the balance sheet date, the company has unused tax losses of £1,826,203 (2018:1,577,803) available for offset against future profits. A deferred tax asset has been recognised in respect of these losses which has been impaired to reflect only those profits which are reasonably foreseeable.

#### 11 Intangible assets

	Internally generated software development costs £ 000
<b>Cost or valuation</b>	
At 1 January 2019	154
Additions	56
At 31 December 2019	210
<b>Amortisation</b>	
At 1 January 2019	13
Amortisation charge	61
At 31 December 2019	74
<b>Carrying amount</b>	
At 31 December 2019	136
At 31 December 2018	141

The Company continues to utilise an intangible asset (internally generated software) that has since been fully amortised. The gross carrying amount of the asset is £2,221k.

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 12 Tangible assets

	IT equipment £ 000	Right of use £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2019	165	-	397
Recognised on application of IFRS 16	-	256	256
At 31 December 2019	<u>165</u>	<u>256</u>	<u>653</u>
<b>Depreciation</b>			
At 1 January 2019	84	-	316
Recognised on application of IFRS 16	-	119	119
Charge for the year	51	28	79
At 31 December 2019	<u>135</u>	<u>147</u>	<u>514</u>
<b>Carrying amount</b>			
At 31 December 2019	<u>30</u>	<u>109</u>	<u>139</u>
At 31 December 2018	<u>81</u>	<u>-</u>	<u>81</u>

Depreciation expenses of £79k (2018: £24k) was recognised in administrative expenses in 2019.

#### 13 Debtors

	2019 £ 000	2018 £ 000
Trade debtors	3,760	4,094
Debtors from related parties	1,612	937
Prepayments and accrued income	2,153	1,875
Other debtors	12	12
Income tax asset	-	176
Deferred tax assets	451	637
	<u>7,988</u>	<u>7,731</u>
Less non-current portion	<u>(398)</u>	<u>(637)</u>
Total current trade and other debtors	<u>7,590</u>	<u>7,094</u>

Debtors from related parties are non-interest bearing, repayable on demand and unsecured.

Debtors are stated after impairment of £235k (2018: £399k).

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 14 Creditors: Amounts falling due within one year

	2019 £ 000	2018 £ 000
Trade creditors	158	173
Amounts due to related parties	-	494
Income tax liability	17	271
Social security and other taxes	225	233
Contract liabilities	1,377	983
Accruals	1,548	1,473
Other creditors	48	50
Current portion of long term lease liabilities	29	-
	<u>3,402</u>	<u>3,677</u>

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

#### 15 Creditors: Amounts falling due after more than one year

	2019 £ 000	2018 £ 000
Other non-current financial liabilities	96	7
Long term lease liabilities	79	-
	<u>175</u>	<u>7</u>

#### 16 Pension and other schemes

##### Defined benefit pension schemes

##### AXA UK pension scheme

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

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

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 16 Pension and other schemes (continued)

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 SLP. This represents a snapshot of the present cost of meeting pension obligations that will crystallise over a period of many years. The Scheme invests in a wide range of assets, including equities, which over the long term, are expected by the Directors to meet the liabilities of the scheme.

The total pension cost which has been charged to the Profit and Loss Account of the Company is £388k (2018: £364k). There were no outstanding contributions as at 31 December 2019 (2018: £nil).

#### *Principal actuarial assumptions*

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2019	2018
	%	%
Discount rate	1.95	2.80
Future pension increases	2.80	3.20
Inflation	1.95	2.20

The discount and inflation rates disclosed within the above table represent single equivalent rates based on the cashflow profile of the scheme. The 2019 and 2018 valuations have been calculated on a full yield curve rather than a single rate, as this methodology provides a more accurate approach that is better aligned with a general move in the market to use a market consistent approach in valuing the liabilities.

The key risk to the entity is the valuation of the scheme liabilities, where a decrease in corporate bond yields, or an increase in inflation rates, or an increase in life expectancy will result in an increase in plan liabilities. This effect will be partially offset by the hedging strategy in place which seeks to align the asset portfolio with the inherent risk of the liabilities, in addition to entering into a longevity swap transaction with the aim of hedging longevity risk inherent within the pensioner population of the scheme. An increase in plan liabilities could lead to the calling on, of additional contributions to fund any scheme shortfalls.

**AXA ICAS Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

**16 Pension and other schemes (continued)**

***Scheme liabilities***

Changes in the present value of scheme liabilities are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£ 000</b>	<b>£ 000</b>
Present value at start of year	5,055,420	5,334,636
Current service cost	4,449	5,986
Actuarial gains and losses arising from changes in demographic assumptions	(87,919)	343
Actuarial gains and losses arising from changes in financial assumptions	553,221	(186,016)
Actuarial gains and losses arising from experience adjustments	(10,486)	4,452
Interest cost	123,605	111,983
Benefits paid	(205,657)	(215,964)
Present value at end of year	<u>5,432,633</u>	<u>5,055,420</u>

***Scheme assets***

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

	<b>2019</b>	<b>2018</b>
	<b>£ 000</b>	<b>£ 000</b>
Fair value at start of year	5,348,265	5,486,610
Return on plan assets, excluding amounts included in interest income/(expense)	130,926	115,772
Actuarial(losses)/gains	398,741	(110,684)
Employer contributions	4,449	12,402
Contributions by scheme participants	-	41,541
Benefits paid	(205,657)	(215,964)
Asset backed contribution	19,149	18,588
Fair value at end of year	<u>5,695,873</u>	<u>5,348,265</u>

AXA ICAS Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

16 Pension and other schemes (continued)

*Analysis of assets*

The major categories of scheme assets are as follows:

	2019 £ 000	2018 £ 000
Cash and cash equivalents	19,238	141,845
Equity instruments	11,196	14,269
Debt instruments	3,182,771	2,915,238
Real estate	351,246	359,103
Derivatives	246,564	(32,483)
Investment funds	1,443,233	1,557,167
Investment in limited partnership	316,000	311,000
Loans	125,625	82,126
	<u>5,695,873</u>	<u>5,348,265</u>

	2019			2018		
	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m
Equities	-	11,196	11,196	-	14,269	14,269
Government	2,435,770	-	2,435,770	2,198,388	-	2,198,388
Corporate	438,745	-	438,745	407,115	-	407,115
Securitised debt	308,256	-	308,256	309,735	-	309,735
Debt securities	3,182,771	-	3,182,771	2,915,238	-	2,915,238
Property-funds	-	351,246	351,246	-	359,103	359,103
Derivatives	245,892	-	245,892	(30,484)	-	(30,484)
Cash	19,238	-	19,238	141,845	-	141,845
Loans	-	125,625	125,625	-	82,126	82,126
Investment funds	-	1,443,233	1,443,233	-	1,557,167	1,557,167
Other assets	265,130	1,568,858	1,833,988	111,361	1,639,293	1,750,654
Investment in limited partnership	-	316,000	316,000	-	311,000	311,000
Longevity hedge	-	672	672	-	(1,999)	(1,999)
	<u>3,447,901</u>	<u>2,247,972</u>	<u>5,695,873</u>	<u>3,026,599</u>	<u>2,321,666</u>	<u>5,348,265</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.



**AXA ICAS Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

**17 Share capital**

**Allotted, called up and fully paid shares**

	2019		2018	
	No.	£	No.	£
1000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

**18 Reserves**

**Equity capital**

Represents a charge arising in 2007 on equity-settled share-based payments.

**Profit and loss account**

Represents the accumulated profits and losses of the Company and any capital contributions received.

**Other reserves**

Represents the accumulated effect of foreign currency translation.

The analysis of the movement in reserves is detailed within the Statement of Changes in Equity on page 13.

**19 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. Such transactions are included in the profit and loss account and balance sheet under the following captions:

**Income and receivables from related parties**

	<b>Other related parties</b>
	<b>£ 000</b>
<b>2019</b>	
Sale of goods	4
Amounts receivable from related party	<u>706</u>
	<b>Other related parties</b>
	<b>£ 000</b>
<b>2018</b>	
Amounts receivable from related party	<u>1,065</u>

**AXA ICAS Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

**19 Related party transactions (continued)**

**Expenditure with and payables to related parties**

	<b>Other related parties £ 000</b>
<b>2019</b>	
Administration Expenses	1,021
<b>2018</b>	
Settlement of liabilities	204

The above represents transactions with AXA Investment Managers UK Limited, and ICAS Employee and Organisation Enhancement Services Southern Africa (Pty) Limited, which became a non-wholly owned subsidiary on 1 January 2016, when ICAS International Holdings Limited sold 19.9% of its investment to Sangano Investment Holdings Proprietary Limited.

**20 Contingent liabilities**

The Company has given an unlimited inter-company composite guarantee on behalf of its parent company ICAS International Holdings Limited for its overdraft facility with a credit institute. As at year end, this facility has not been used. On the date of sale of the Company, this guarantee ceased.

**21 Obligations under leases and hire purchase contracts**

**Commitments under operating leases**

The total future value of minimum lease payments is as follows:

	<b>2019</b>
	<b>£ 000</b>
<b>Operating leases under IFRS 16</b>	
Less than 1 year	31
2 years	31
3 years	31
4 years	19
	112
	<b>2018</b>
	<b>£ 000</b>
<b>Operating leases under IAS 17</b>	
Within one year	272
In two to five years	942
In over five years	146
	1,360

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 22 Parent and ultimate parent undertaking

The Company's immediate parent is ICAS International Holdings Limited.

The ultimate parent is AXA SA.

The most senior parent entity producing publicly available financial statements 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 and smallest 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.

#### 23 Assets classified as held for sale

##### Sale of international book of business

On 19 March 2020, the Company disposed of the international book of business, which formed part of the Company operations. No losses have been recognised in respect of its reclassification as held for sale.

The major classes of assets and liabilities of international book of business are as follows:

	2019 £ 000
Intangible assets	136
Trade and other receivables	4,358
Cash and bank balances	<u>895</u>
Total assets classified as held for sale	5,389
Trade and other payables	<u>(1,341)</u>
Net assets of disposal group	<u><u>4,048</u></u>

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 24 Non-adjusting events after the financial period

##### COVID-19 OUTBREAK

During December 2019, a number of cases of pneumonia associated with the Coronavirus, now called COVID-19 by the World Health Organization (“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 to 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 presently 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 disruptions 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 strains 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 Company and the companies to which it provides services 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 exposures to the COVID-19 outbreak, including (i) the operational impact on its business, (ii) the consequences from a deterioration in macroeconomic conditions and a slowdown in the flow of people, goods and services and (iii) the financial condition of other AXA entities.

##### SALE OF AXA ICAS LIMITED

On the 19 March 2020 the Company was sold by its immediate parent, ICAS International Holdings Limited, to AXA PPP Healthcare Group Limited for £2,866k.

##### SALE OF INTERNATIONAL BOOK OF BUSINESS

On the 19 March 2020 the international book of business was sold to ICAS International Holdings Limited for £4,573k as part of the new strategic plan to focus on the UK market.

## AXA ICAS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 25 Transition to IFRS 16

This note explains the impact of adoption of IFRS 16 Leases has had on the Company's individual financial statements.

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 1 January 2019.

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

- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. no contracts were considered onerous at 1 January 2019.
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.
- Excluding initial direct costs for the measurement of the right-of-use-asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

#### Measurement of right-of-use-assets

The right-of-use assets for property leases were measured on a retrospective basis as if the standard had always been applied, but discounted using the lessee's incremental borrowing rate at the date of initial application.

#### Measurement of lease liabilities

	2019 £ 000
Operating lease commitments disclosed as at 31 December 2018	1,360
Removal of commitments that don't meet the definition of a lease	(1,131)
Discounted using the lessee's incremental borrowing rate at the date of initial application	(8)
Difference in timing of payments	(48)
Removal of short term leases	(36)
<b>Lease liability recognised as at 1 January 2019</b>	<b><u>137</u></b>
<b>Of which are:</b>	
Current lease liabilities	29
Non-current lease liabilities	<u>108</u>
	<u>137</u>