

Registration number: 03429917

AXA PPP healthcare Administration Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



AXA PPP healthcare Administration Services Limited

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AXA PPP healthcare Administration Services Limited

Company Information

Directors	F. A. Craig C. J. Horlick S. M. Wolsey-Cooper T. N. Garrad M. A. Vardy
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 PPP healthcare Administration Services Limited

Strategic Report for the Year Ended 31 December 2019

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

Principal activity

The principal activity of the Company during the year has been the provision of administration services on behalf of AXA PPP healthcare limited, a fellow subsidiary undertaking.

Fair review of the business

In May 2019 the Company commenced a plan to migrate all of the self-funded business currently undertaken by AXA PPP Administration Services Limited ("PPPAS") to the Company. The groups of contracts are intended to migrate upon renewal, with the migration process anticipated to complete by October 2020.

Turnover has increased by £3,526k to £22,438k (2018: £18,912k), primarily reflecting an increase in business arising through the migration of accounts from PPPAS.

Admin Expenses have increased by £3,758k to £22,320k (2018: £18,562k). The increase follows the improvement in turnover.

The profit for the year after taxation was £96k (2018: £284k). The overall financial position at the end of the year was satisfactory and the directors expect that this state of affairs will continue for the foreseeable future.

Business environment

The Company provides services to companies who wish to offer private medical treatment for their employees, without the need for them to enter into an insurance contract. The Company generates income by charging a fee for administering the relationship between the respective company and the medical provider.

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:

	Unit	2019	2018
Turnover	£ 000	22,438	18,912
Recharge of administration expenses	£ 000	(22,320)	(18,562)
Net liabilities	£ 000	(117)	(213)

Principal risks and uncertainties

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

AXA PPP healthcare Administration Services Limited

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

Brexit

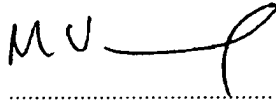
The implications to the Company of the United Kingdom's departure from the European Union on 31 January 2020 have been considered, specifically the effects this could have on estimations and judgements made in the preparation of the financial statements, including an assessment of the impact a hard Brexit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

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

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 on 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 7 October 2020 and signed on its behalf by:



.....
M. A. Vardy
Director

AXA PPP healthcare Administration Services Limited
Directors' Report for the Year Ended 31 December 2019

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

Future developments

Future developments are discussed in the Strategic Report.

Directors of the Company

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

F. A. Craig

C. J. Horlick

A. Wilkinson (resigned 31 March 2019)

S. M. Wolsey-Cooper

T. N. Garrad (appointed 12 February 2019)

The following director was appointed after the year end:

M. A. Vardy (appointed 30 July 2020)

Branches outside the United Kingdom

The Company does not operate branches outside the UK.

Going concern

The Company's business activities, together with the factors likely to affect its 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 are considered within the strategic plan of AXA Insurance UK plc 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. In order to support the current position of the Company and ensure its continued operation, the directors have obtained assurances on the continued financial support of the Company from AXA UK plc in the form of a letter of support.

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

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.

AXA PPP healthcare Administration Services Limited

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

Non-adjusting events after the financial period

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.

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:

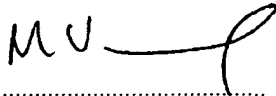
- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial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

AXA PPP healthcare Administration Services Limited

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

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 7 October 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'M A Vardy', written over a dotted line.

M. A. Vardy
Director

AXA PPP healthcare Administration Services Limited

Independent Auditor's Report to the Members of AXA PPP healthcare Administration Services Limited

Opinion

We have audited the financial statements of AXA PPP healthcare Administration Services Limited ("the Company") for the year ended 31 December 2019 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 13 and non- adjusting post balance sheet events on page 21.

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 PPP healthcare Administration Services Limited

Independent Auditor's Report to the Members of AXA PPP healthcare Administration Services 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 the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AXA PPP healthcare Administration Services Limited

Independent Auditor's Report to the Members of AXA PPP healthcare Administration Services Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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



.....
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

7 October 2020

AXA PPP healthcare Administration Services Limited

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover		22,438	18,912
Administrative expenses		<u>(22,320)</u>	<u>(18,562)</u>
Operating profit		<u>118</u>	<u>350</u>
Profit before tax		118	350
Tax on profit on ordinary activities	5	<u>(22)</u>	<u>(66)</u>
Profit for the year		<u><u>96</u></u>	<u><u>284</u></u>

The Company had no recognised gains or losses during the year other than those recognised in the Profit and Loss account (2018: £nil). Therefore, the Company has elected not to present a Statement of Comprehensive Income for the year ended 31 December 2019.

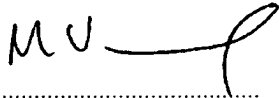
The notes on pages 13 to 21 form an integral part of these financial statements.

AXA PPP healthcare Administration Services Limited

**(Registration number: 03429917)
Balance Sheet as at 31 December 2019**

		(As restated)	
	Note	2019 £ 000	2018 £ 000
Current assets			
Debtors	7	20,685	16,531
Cash at bank and in hand	8	<u>94,306</u>	<u>72,162</u>
		114,991	88,693
Creditors: Amounts falling due within one year	9	<u>(115,108)</u>	<u>(87,631)</u>
Total assets less current liabilities		(117)	1,062
Provisions for liabilities	10	<u>-</u>	<u>(1,275)</u>
Net liabilities		<u>(117)</u>	<u>(213)</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account		<u>(117)</u>	<u>(213)</u>
Shareholder's deficit		<u>(117)</u>	<u>(213)</u>

Approved by the Board on 7 October 2020 and signed on its behalf by:



.....
M. A. Vardy
Director

The notes on pages 13 to 21 form an integral part of these financial statements.

AXA PPP healthcare Administration Services Limited

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

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	-	(213)	(213)
Profit for the year	-	96	96
Total comprehensive income	-	96	96
At 31 December 2019	-	(117)	(117)

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	-	(497)	(497)
Profit for the year	-	284	284
Total comprehensive income	-	284	284
At 31 December 2018	-	(213)	(213)

The notes on pages 13 to 21 form an integral part of these financial statements.

AXA PPP healthcare Administration Services Limited

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

1 General information

The Company provides administration services on behalf of AXA PPP healthcare limited.

The Company is a limited liability company limited by shares under the Companies Act 2006 and 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 7 October 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. Although the Company has a deficit on shareholder's funds, AXA UK plc has indicated that it will support the Company and will ensure that all obligations are met as they fall due.

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 are considered within the strategic plan of AXA Insurance UK plc 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.

Certain prior year balances have been restated due to the netting of an overdraft balance within cash and cash equivalents. This has been reclassified to loans and borrowings within creditors: amounts falling due within one year. The directors believe that the current year presentation for the above is appropriate and has not impacted the result or net assets of the Company. In addition amounts previously reported for future debtors have been removed in light of a review concluding that the amounts can not be supported under current accounting standard classifications.

AXA PPP healthcare Administration Services 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 requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of IFRS 7 Financial Instruments:
 - (i) paragraph 79(a)(iv) of IAS 1.
- (b) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements.
- (c) The requirements of IAS 7 Statement of Cash Flows.
- (d) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- (e) The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures.
- (f) 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.
- (g) 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 the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Changes in accounting policy and disclosures

None of the 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 the administration of healthcare trusts. 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.

Performance obligations

The main performance obligations in contracts consist of administration services. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date on a time elapsed basis in accordance with each trust.

Tax

The tax expense for the year comprises current tax.

Tax is recognised in the profit and loss account, 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 UK 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.

AXA PPP healthcare Administration Services Limited

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

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding prepayments.

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

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

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial assets and financial liabilities are classified at amortised cost.

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

AXA PPP healthcare Administration Services Limited

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

2 Accounting policies (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through the profit or loss (FVTPL):-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at FVTPL.

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial liabilities at amortised cost

All financial liabilities are measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets

The Company derecognises a financial asset when;

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

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

Financial liabilities

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

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires management to monitor and exercise judgement in the selection and application of appropriate accounting policies and in the use of accounting estimates. Management has determined that there are no significant areas of judgement or estimation in the application of accounting policies.

AXA PPP healthcare Administration Services Limited

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

4 Auditor's remuneration

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

	2019 £ 000	2018 £ 000
Audit of the financial statements	<u>7</u>	<u>7</u>

The audit fees payable were borne by a fellow group company, AXA PPP healthcare limited.

5 Income tax

Tax charged in the profit and loss account

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	<u>22</u>	<u>66</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before tax	<u>118</u>	<u>350</u>
Corporation tax at standard rate	<u>22</u>	<u>66</u>
Total tax charge	<u>22</u>	<u>66</u>

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include a reduction to the main rate to 17% from 1 April 2020.

It was announced in the budget, on 11 March 2020, that the above noted corporation tax reduction will be repealed. The budget announcement was substantively enacted on 17 March 2020.

6 Staff costs

All staff involved in providing services to the Company are employed by AXA PPP Healthcare Group Limited ("PPP"). The Company is not directly charged for any services provided to it by employees of PPP.

AXA PPP healthcare Administration Services Limited

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

7 Trade and other debtors

	(As restated)	
	2019	2018
	£ 000	£ 000
Trade debtors	4,719	2,679
Debtors from related parties	15,089	13,449
Prepayments and accrued income	854	403
Other debtors	23	-
	<u>20,685</u>	<u>16,531</u>

Debtors from related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8 Cash and cash equivalents

	(As restated)	
	2019	2018
	£ 000	£ 000
Cash at bank	757	2
Third party funds held under trust	<u>93,549</u>	<u>72,160</u>
	<u>94,306</u>	<u>72,162</u>

9 Trade and other creditors

	(As restated)	
	2019	2018
	£ 000	£ 000
Loans and borrowings	-	795
Payments on account	93,931	73,193
Amounts due to related parties	10,901	6,975
Income tax liability	89	66
Social security and other taxes	1,266	702
Other creditors	66	8
Accrued expenses	<u>8,855</u>	<u>5,892</u>
	<u>115,108</u>	<u>87,631</u>

AXA PPP healthcare Administration Services Limited

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

9 Trade and other creditors (continued)

The payments received on account represent funds received on account for the administration and settlement of claims.

Amounts due to related parties are unsecured, interest free and repayable on demand.

10 Other provisions

Other provisions in the current year are £nil (2018: £1,275,000). The prior year provision was a commitment to purchase minimum services for a specified period. This provision was fully utilised and there is no such requirement in the current year.

11 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

12 Directors' remuneration

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

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	835,281	835,614
Directors amount under long term incentive schemes in respect of qualifying services	354,587	73,969
Contributions paid to defined contribution schemes	-	3,100
	<u>1,189,868</u>	<u>912,683</u>

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

	2019 No.	2018 No.
Exercised share options	<u>-</u>	<u>2</u>

AXA PPP healthcare Administration Services Limited

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

12 Directors' remuneration (continued)

In respect of the highest paid director:

	2019	2018
	£	£
Remuneration	424,312	421,156
Benefits under long-term incentive schemes (excluding shares)	210,518	73,969

Mrs. T. N. Garrad was also a director of AXA UK plc during the year and her emoluments, which relate to her services to the AXA Group as a whole, are disclosed in the financial statements of that company.

Mrs. A. Wilkinson was also a director of AXA PPP Healthcare Limited during the year and her emoluments, which relate to her services to the AXA Group as a whole, are disclosed in the financial statements of that company.

Mr. F. A. Craig was also a director of AXA PPP Healthcare Group 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.

13 Parent and ultimate parent undertaking

The Company's immediate parent is AXA PPP Healthcare Group 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 smallest and largest group in which these financial statements are consolidated is AXA SA, incorporated in France.

The address of AXA SA is:

25, avenue Matignon, 75008 Paris, France.

AXA PPP healthcare Administration Services Limited

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

14 Non-adjusting events after the financial period

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.