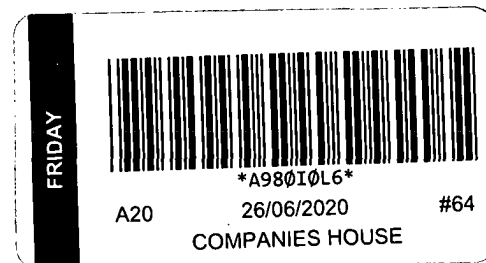


Registration number: 03655704

Health-On-Line Company UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



Health-On-Line Company UK Limited

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Health-On-Line Company UK Limited

Company Information

Directors	F. A. Craig M. Dalby E. L. Haysom T. N. Garrad M. A. Vardy
Company secretary	J. P. Small
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

Health-On-Line Company UK Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report on Health-on-line Company UK Limited ("the Company") for the year ended 31 December 2019.

Principal activity

The principal activity of the Company is that of an insurance intermediary business and administration of healthcare and other insurance policies, in respect of AXA PPP healthcare products.

Fair review of the business

The directors are satisfied with the Company's results for the year. Turnover has decreased by £15m to £59m (2018: £74m), with an equivalent decrease in Cost of sales of £14m to £39m (2018: £53m). The Company's profit for the year after taxation, as shown in the profit and loss account on page 14 of the financial statements, amounted to £4.5m (2018: £5.8m).

The decrease in turnover and cost of sales arose due to a change in the payment arrangements with brokers. In July 2019 Broker commission stopped being paid to the Company and was instead paid directly to the Broker. This change impacted the Commission Income figures in the Company's accounts but also impacted the Cost of Sales by the same amount and subsequently had minimal impact on the bottom line. There was no change in the existing accounting policies for this. The broker commission amounts reported through turnover and cost of sales in 2018 were £32.7m and £31.9m, respectively

Business environment

The private medical insurance market remains challenging in the short term given the current economic conditions. The Company is well placed to access the increasing volume of customers who are expressing their interest in insurance through the internet.

Strategy

The Company has a clear strategic business model. Strategic goals include profitable growth in the UK individual private medical insurance and other insurance markets. The Company continues to focus on ensuring its infrastructure remains fit for purpose in a growing business and that the customer experience remains positive.

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

		2019	2018
Profit after tax	£ 000	4,452	5,832
Shareholders' funds	£ 000	15,911	11,665

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.

Financial risk management is discussed in the Financial risk review section set out on page 23 of the financial statements.

Health-On-Line Company UK Limited

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

Future developments

The Company has experienced consistent growth in recent years. The board envisage that this level of growth will continue for the foreseeable future and are focussed on ensuring the business remains profitable, whilst delivering excellent customer service.

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.

Brexit

The implications to the Company of the United Kingdom's departure from the European Union on 31st 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.

Section 172 statement

The Company, its stakeholders and relevant issues

The principal and ongoing activity of Health-on-Line Company UK Limited ("HoL" or the "Company") is that of an insurance intermediary business. It also provides administration and claims services for AXA PPP healthcare products.

The directors of HoL consider, both individually and collectively, that they have acted in the way that would most likely promote the success the Company for the benefit of its members as a whole (having regard to relevant stakeholders and matters set out in section 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2019.

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

- *Customers:* The customers of the Company and the quality of the customer journey experienced via the sales, claims and administration services provided to them, which have a major influence on the reputation of the Company.
- *Employees:* The Company employs in the region of 430 staff. The workforce's culture, values, behaviours, performance and engagement drive how it serves its customers and interacts with suppliers.
- *Suppliers and third parties:* The Company manages and promotes strong relationships with its suppliers (either internal or external to the AXA Group ("AXA")) to ensure good service, cost effectiveness, use of economies of scale and effective collaboration.

Health-On-Line Company UK Limited

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

- *Regulators:* The Company is regulated by the Financial Conduct Authority ("FCA"). Ensuring there is a strong and positive relationship with the Company's regulator is key to the Company's business activities. It determines its licence to operate, its ability to recruit and retain senior staff and its reputation with customers.
- *The environment:* The Company aims to minimise its impact on the environment in order to maintain its reputation and licence to operate. It is committed to reducing its impact on the environment by managing energy, paper and water consumption, as well as carbon emissions and waste.
- *Communities:* The Company understands that it has a vital role to play in being a responsible corporate citizen and believes this is important to the reputation of the Company and its licence to operate.
- *Shareholder:* The Company has one immediate shareholder; AXA PPP Healthcare Group Limited which provided its equity capital. AXA SA is the ultimate shareholder.

Methods of engagement

For each of these groups or issues the Company seeks to ensure it understands concerns or salient matters through a process of engagement:

- *Customers:* The Company strives to build trusted relationships with customers and to always treat them fairly, in their best interests, providing commitment to our customers that the business delivers against its purpose, empowering them to live better lives and preventing customer harm. Customer experience tracking enables feedback to be gained from customers at a number of different points in the journey enabling constant review and recommendations for improvement to customer experiences. HoL actively encourages customers to give feedback externally on sites like Feefo (where the Company has been awarded a 5-star Platinum Trusted Service Award) and Trustpilot (where the Company has a rating of 4). Findings are used to improve customer engagement, exemplified by a simplified medical underwriting sales journey and providing access to the Inspire hospital list to better meet customer demands and needs. Collaboration with AXA PPP healthcare to share best practice and to improve customer experience has been a key focus.

As customers' expectations rise regarding the speed, accessibility and quality of service they receive from brands, the Company has introduced new measures to ensure these expectations are met. HoL was one of the first health insurers to launch a Chatbot, designed to provide a service to customers when telephone lines, or live chat functionality is not available. In the first phase of this project, the Chatbot addresses basic servicing and claims queries, and means that our customers can communicate with HoL 24/7.

As a result of customer feedback, HoL reviewed and re-launched the online quote process for new customers wishing to purchase PMI. This substantially reduced the number of steps that a customer has to go through whilst improving the quality of information provided regarding the HoL product. Improving the user experience through simpler design practises has stream lined the customer journey and provided a better customer experience. The success of this has been proven by an increase of customers interacting with this service and the positive feedback received.

Health-On-Line Company UK Limited

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

- *Employees:* The Company is committed to enabling its workforce at all levels of the organisation to actively contribute and participate in decisions where appropriate. HoL staff were actively involved in The 2020 Group, which is a collection of employees, of varying grades and tenure, brought together from within the AXA UK Group to help challenge and provide input to the strategy. They were brought together to challenge traditional thought processes and provide insight into the strategic review contributing and reviewing proposals before they were submitted to the Board. They also helped to communicate the strategy to peers across the wider organisation.

'Not the usual suspects' is an extension of this approach involving staff who would not normally be the first point of call for input and for which the priority is to challenge and question to ensure the focus remains on the customer.

Feedback from the workforce is sought through quarterly pulse surveys, and 'exchange live' sessions with the HoL Executive Committee, where staff can provide their view on how the business is performing against its strategic objectives and key values. The Company held an employee conference in October 2019 to present the future strategy and ensure understanding and engagement from its workforce. Feedback from the conference was positive, and the employee Q&A event was well attended with strong contributions from staff.

HoL has operated 'Your Voice' and is adopting 'Vox' which is AXA PPP healthcare's consultative body representing all employees and managers. It meets every month to discuss new ideas, policy changes and business matters affecting employees and managers.

Flexible working, increased health and wellbeing focus and more Learning and Development opportunities have been well received. Management development training has been delivered to support, in particular, change management and growth mind-set in the senior senior leaders in the business.

HoL developed and launched an internal intranet platform to improve communications and enhance employee engagement to support HoL's core values and culture.

- *Suppliers:* The Company promotes strong relationships with its network of local suppliers which are managed, where appropriate, through the AXA UK Group company-wide procurement approach to ensure economies of scale and collaboration with suppliers can be achieved. The Company reports bi-annually on its supplier payment practices in accordance with Section 3 of the Small Business, Enterprise and Employment Act 2015. For the six-month period to 31 December 2019 the Company made 97% of its payments to suppliers within 30 days or less with an average settlement period of 16 days.
- *Regulator:* The Company aims to maintain a strong and effective relationship with the FCA, working in a collaborative and transparent manner to enable good customer outcomes. Proper governance and effective communication are key in fostering this relationship. The openness and cooperativity of this relationship is set by the tone at the top where there is continuous engagement with the regulators. It is vital that this relationship is well maintained as this is directly linked to our business being able to operate in the UK.

Health-On-Line Company UK Limited

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

- *The environment:* From a Group perspective, AXA has sent a clear message by agreeing to the RE100, stating a commitment to have 100% renewable energy by 2025. The Company's directors are committed to implementing this within the Company. AXA UK already procures 67% of its energy from renewable sources through REGO certification. As a global organisation AXA has quadrupled green and clean investments target to €12billion, twice as high as the COP21 recommendation of 1% of assets and actively divested funds from carbon-intensive industries. We have, for instance, pledged to divest from companies which derive more than 30% of their revenues from coal, have a coal-based energy mix that exceeds 30%, or produce more than 20 million tonnes of coal per year.

At an entity level the Company works to act as a responsible tenant aiming to positively influence the landlord. The Company maintains a Green Travel policy with employees encouraged to walk, cycle or use public transport to get to work. Local suppliers are used to reduce carbon emissions. Recycling is undertaken and use of plastic cups in the office eliminated.

- *Community:* The Company strives to play a positive role in society and actively supports communities it operates in. From volunteering and mentoring to fundraising or sharing business expertise, the Company encourages its employees to get involved wherever possible. Community partnership programmes such as Hearts in Action are designed to build a link between the business and local communities. The AXA UK Group has achieved over 100 apprenticeship hires, which have been filled by individuals from a diverse range of backgrounds and in support of wider societal issues, such as mental health. There are over 190 mental health first aiders across the AXA UK Group (108 across AXA PPP healthcare businesses) and at least one in every site.
- *Shareholder:* The Company engages with its shareholder through regular briefing of group directors on its performance and upward reporting through management information systems.

Key decisions and consideration of stakeholders

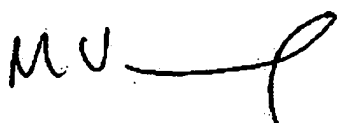
- During the year the Board met to approve routine changes in board membership, to consider its responsibilities under The Senior Managers & Certification Regime, and to approve the financial statements for the previous year.
- Senior Management Responsibilities and Certification Functions were identified, documented and approved to ensure a clearly defined operating structure which can deliver services, using robust systems and controls overseen by clear reporting lines, allocated responsibilities and effective governance.
- The directors consider that the AXA UK Group's employee engagement programmes, explained above, continue to serve the Company's requirement in enabling employees from all levels of the organisation to actively contribute and participate in decisions where appropriate.
- In June 2019, the Board approved its annual Slavery & Human Trafficking Statement pursuant to Section 54 of the UK Modern Slavery Act 2015 ("MSA"). The AXA Group has a long history of adhering to and promoting strong professional ethics and is committed to conducting its business according to the highest standards of honesty and fairness. This commitment to observing such ethical standards is designed, not only to ensure compliance with applicable laws and regulations in the various jurisdictions where AXA operates, but also to earning the trust of its clients, shareholders, personnel and business partners. The directors believe that the Company's success and reputation is not only dependent on the quality of its products and the services provided to its customers, but also on the way it does business. The Company ensures that it works with suppliers that meet the AXA standards with respect to ethics and corporate responsibility through a clearly documented process for supplier selection and contracting.

Health-On-Line Company UK Limited

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

- In December 2019, the AXA UK plc Board decided to move the Defined Contribution (“DC”) section of the AXA UK Group Pension Scheme (the “Scheme”) to a Master Trust arrangement. AXA UK consulted with all participating employers of the Scheme, including HOL, through written communications and working groups. All participating employers were asked to decide whether to participate in the Master Trust proposed by AXA UK plc or make alternative arrangements for the future pension provision for its employees. In consideration of the proposal, the Directors of HOL took account of the replication of members benefits under the Master Trust and consultation periods regarding changes in pension provisions, receiving confirmation that there would be no unmitigated material impacts on individual employees/pension scheme members as a result of the Master Trust arrangement. Following approval to proceed by all participating employers, a 60-day employee consultation period commenced from 10th February 2020. The consultation ended on 10th April; however, due to Covid-19 and volatility in investment markets, it was agreed to postpone making a decision on whether to proceed with the Master Trust until later in 2020.

Approved by the Board on 10 June 2020 and signed on its behalf by:



.....
M. A. Vardy
Director

Health-On-Line Company UK 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

M. Dalby

M. Martin (resigned 8 November 2019)

A. L. Morfey (resigned 22 January 2020)

E. L. Haysom

T. N. Garrad (appointed 12 February 2019)

M. A. Vardy

Dividends

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

Political Donations

The Company made no donations for political purposes.

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.

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, 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 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 does not operate branches outside the UK.

Health-On-Line Company UK Limited

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

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report above. The ability to cope with unexpected risks to the financial position is shown within the Financial risk review section on page 23.

Detailed budgets, plans and forecasts have been prepared and reviewed setting out the continued financial position of the Company for the next 12 months and a strategic plan to 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.

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 Organisation ("WHO"), were reported in the People's Republic of China. In the early part of 2020 this virus subsequently spread to many other countries, and it is currently not possible to know or 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 reported.

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 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.

Indemnification of Directors

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

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

Disclosure of information to the auditors

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

Health-On-Line Company UK Limited

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

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' (FRS 101).

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 10 June 2020 and signed on its behalf by:



.....
M. A. Vardy
Director

Health-On-Line Company UK Limited

Independent Auditor's Report to the Members of Health-On-Line Company UK Limited

Opinion

We have audited the financial statements of Health-On-Line Company UK Limited (the "Company") for the year ended 31 December 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 COVID-19 as disclosed on page 3, and the consideration in the going concern basis of preparation on page 17 and non-adjusting events after the financial period on page 32.

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.

Health-On-Line Company UK Limited

Independent Auditor's Report to the Members of Health-On-Line Company UK 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 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 10, 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.

Health-On-Line Company UK Limited

Independent Auditor's Report to the Members of Health-On-Line Company UK 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 our 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.



.....
Sam Porritt (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

10 June 2020

Health-On-Line Company UK Limited

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover	5	58,855	74,344
Cost of sales		<u>(39,319)</u>	<u>(53,355)</u>
Gross profit		19,536	20,989
Administrative expenses		<u>(13,908)</u>	<u>(13,746)</u>
Operating profit		5,628	7,243
Interest payable and similar charges		<u>(24)</u>	<u>-</u>
Profit before tax		5,604	7,243
Tax on profit on ordinary activities	9	<u>(1,152)</u>	<u>(1,411)</u>
Profit for the year		<u>4,452</u>	<u>5,832</u>

The above results were derived from continuing operations.

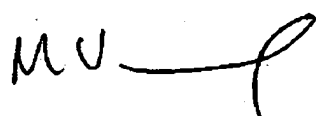
The Company had no recognised gains or losses during the year other than those recognised in the Profit and Loss Account (2018: £nil). Therefore, the Company has elected not to present a Statement of Comprehensive Income for the year ended 31 December 2019.

Health-On-Line Company UK Limited

(Registration number: 03655704)
Balance Sheet as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Intangible assets	10	681	772
Right of use assets	11	<u>1,172</u>	<u>-</u>
		<u>1,853</u>	<u>772</u>
Current assets			
Debtors	12	14,114	18,967
Cash at bank and in hand	13	<u>11,480</u>	<u>5,620</u>
		25,594	24,587
Creditors: Amounts falling due within one year	14	<u>(7,708)</u>	<u>(9,835)</u>
Net current assets		<u>17,886</u>	<u>14,752</u>
Total assets less current liabilities		19,739	15,524
Creditors: Amounts falling due after more than one year	15	(677)	-
Provisions for liabilities	17	<u>(3,151)</u>	<u>(3,859)</u>
Net assets		<u>15,911</u>	<u>11,665</u>
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account		<u>15,911</u>	<u>11,665</u>
Shareholders' funds		<u>15,911</u>	<u>11,665</u>

Approved by the Board on 10 June 2020 and signed on its behalf by:



.....
M. A. Vardy
Director

The notes on pages 17 to 34 form an integral part of these financial statements.

Health-On-Line Company UK 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	-	11,665	11,665
Effect of adoption of IFRS 16: Leases	-	(206)	(206)
At 1 January 2019 (As restated)	-	11,459	11,459
Profit for the year	-	4,452	4,452
Total comprehensive income	-	4,452	4,452
At 31 December 2019	-	15,911	15,911
	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	-	5,833	5,833
Profit for the year	-	5,832	5,832
Total comprehensive income	-	5,832	5,832
At 31 December 2018	-	11,665	11,665

The notes on pages 17 to 34 form an integral part of these financial statements.

Health-On-Line Company UK Limited

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

1 General information

The principal activity of the Company is that of an insurance intermediary business and administration of healthcare and other insurance policies, in respect of AXA PPP healthcare products.

The Company is a private limited company 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 10 June 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.

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 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.

During the course of the year payment arrangements with brokers changed, in which broker commission stopped being paid to the Company and was instead paid directly to the broker. The change in the payment approach, has impacted both turnover and cost of sales in the current year, resulting in a minimal net impact on the Company. The prior amounts reported within turnover and cost of sales was £32.7m and £31.9m, respectively. This has not resulted in a change in the existing accounting policies.

Health-On-Line Company UK 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 IFRS 7 'Financial instruments: Disclosures'.
- (b) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1; and
 - ii. paragraph 73(e) of IAS 16 Property, Plant and Equipment.
- (c) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, and 111 of IAS 1 Presentation of Financial Statements.
- (d) The requirements of IAS 7 Statement of Cash Flows.
- (e) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'. The requirements of paragraph 58 of IFRS16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.
- (f) The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures.
- (g) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (h) The requirements of paragraph 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.
- (i) The requirements of paragraphs 30 and 31 of IAS 8 ' Accounting Policies Changes in Accounting Estimates and Errors' (the requirement for the disclosure of information when an entity has not applied a new standard that has been issued but is not yet effective).
- (j) 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'.

Health-On-Line Company UK 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:

IFRS 16 'Leases'

IFRS 16 Leases was issued on 13 January 2016 and was endorsed by the EU in 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 of Property, Plant and Equipment and total Financial Debt as at 1 January 2019.

The cumulative effect of initially applying IFRS16 totalled £206k (net of deferred tax) and was recognised as an adjustment to the opening balance of the profit and loss account reserve on 1 January 2019. This relates to property leases for offices. The new standard increased assets by £4,302k and liabilities by £1,618k as of 1 January 2019.

At the transition date, discount rates ranged from 1.19% to 2.24% depending on the duration of the leases.

None of the 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 distribution of personal medical insurance policies and the provision of administration and claims handling services. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Below are the details of the three revenue streams recognised by the Company:

- (a) Distribution commission income - is received for the distribution of personal medical insurance and life products. Income is received on an indemnity basis, with premium recorded at the point of policy inception. A clawback provision is also provided for at inception, should a lapse or adjustment arise over the contracted period.
- (b) Administration services - represents the provision of administration services of AXA policies throughout the year.
- (c) Claims handling service - a claims handling service is provided in respect of specific claim types, on both new and renewed policies.

Health-On-Line Company UK Limited

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

2 Accounting policies (continued)

Performance obligations

The main performance obligations in contracts consist of the distribution and servicing of personal medical insurance policies. For the distribution and administration services the performance obligation is satisfied at a point in time, representing the point at which either the policy is inception or when the policy placement has been completed and confirmed, measured on a fixed percentage of premium basis. For the claims handling service, the completion and delivery of the performance obligation is satisfied over time, measured at the balance sheet date on a time elapsed basis.

Cost of sales

Cost of sales represents commission paid to brokers, lead provider costs, direct marketing, third party introductory fees and direct force salary costs. The expenses are recognised over the period during which they are incurred on an accruals basis, regardless of when payments are made.

Tax

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

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination than, at the time of the transaction, affect neither accounting not taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

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

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

Tangible assets

Property, plant and equipment is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Also included within tangible assets is the right of use asset relating to leased properties, further detail is included within note 11.

Health-On-Line Company UK Limited

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

2 Accounting policies (continued)

Intangible assets

The advance commission intangible represents the renewal rights on a number of portfolios, measured on initial recognition at cost. Following initial recognition, the advance commission intangible is carried at cost less any accumulated amortisation and any accumulated impairment losses. The intangible asset is amortised on a straight line basis over 10 years.

Cash and cash equivalents

Cash and cash equivalents comprise 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.

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.

Leases

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 useful life of the underlying asset. 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 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 2.34%. 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 leases 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 separately and leased liabilities in creditor liabilities in 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.

Health-On-Line Company UK Limited

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

2 Accounting policies (continued)

Financial instruments

Initial recognition

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

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

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

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

Classification and measurement

Financial instruments are classified at inception into the category amortised 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:-

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 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.

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.

Health-On-Line Company UK Limited

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

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.

Provisions

The carrying value at the reporting date of the provision for liabilities is £3,152k (2018: £3,859k), further details of which are disclosed in the accounting policy and note 17. Provision is made for the value of cancelled policies and obligations associated with the indemnity commission and lease obligations. The provision requires management's best estimate of the value of cancelled policies and the costs that will be incurred.

4 Financial risk review

The Company is exposed to financial risk through its business operations affecting the financial assets and liabilities. The most important components of this risk given the nature of the Company's operations as an insurance intermediary are credit, liquidity and cash flow risks.

The Group forms part of the AXA UK Group which has an established risk management framework on how each risk profile is identified, measured, monitored and controlled through Risk Committees advising the individual business unit Chief Executives.

A dedicated risk management function supports the individual business units by ensuring that a full understanding and control of risks is incorporated into management decision making and procedures.

The risk policies are documented in adherence to the AXA Group Standards issued by AXA Group Risk Management ("GRM"). The AXA UK Board is responsible for governance and the AXA UK Executive Committee for approving all new policies.

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

Credit risk

The Company's definition of credit risk is the risk of capital or income loss resulting from counterparty default. Items which generate credit risk generally arise as a by-product of the Company's insurance intermediary operations and other operational debts. The risk is mitigated by the Company by controlling the exposure via different processes including the active monitoring of debt.

Liquidity and cash flow risk

The Company's definition of liquidity risk is the risk that the Company may not have sufficient available cash (or near cash assets or funding facilities) to pay obligations when they fall due at reasonable cost.

Health-On-Line Company UK Limited

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

5 Turnover

The whole of the turnover is attributable to the principal activity of the Company.

All turnover arose within the United Kingdom.

6 Staff costs

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

	2019	2018
	£ 000	£ 000
Wages and salaries	16,277	15,101
Social security costs	1,499	1,393
Pension costs, defined contribution scheme	719	578
	<u>18,495</u>	<u>17,072</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.
Sales, marketing and distribution	216	214
Administration and support	211	219
Claims handling	73	66
	<u>500</u>	<u>499</u>

The prior year split has been restated in line with the 2019 allocation. The use of headcount is considered consistent with the requirements of the Companies Act.

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019	2018
	£ 000	£ 000
Remuneration	951	742
Directors amount under long term incentive schemes in respect of qualifying services	18	11
Contributions paid to defined contribution scheme	12	33
	<u>981</u>	<u>786</u>

Health-On-Line Company UK Limited

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

7 Directors' remuneration (continued)

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

	2019 No.	2018 No.
Exercised share options	-	2
Accruing benefits under a defined contribution pension scheme	<u>2</u>	<u>3</u>

In respect of the highest paid director:

	2019 £ 000	2018 £ 000
Remuneration	575	391
Benefits under long-term incentive schemes (excluding shares)	18	11
Company contributions to a defined contribution pension scheme	-	2

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.

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.

Mr. M. A. Vardy was also a director of AXA ICAS 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.

8 Auditors' remuneration

	2019 £ 000	2018 £ 000
Audit of the financial statements	<u>41</u>	<u>40</u>

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

Health-On-Line Company UK Limited

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

9 Income tax

Tax charged in the profit and loss account

	2019	2018
	£ 000	£ 000
Current taxation		
UK corporation tax	1,107	1,386
UK corporation tax adjustment to prior periods	55	24
	1,162	1,410
Deferred taxation		
Arising from origination and reversal of temporary differences	52	12
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(62)	(11)
	(10)	1
Total deferred taxation	(10)	1
Tax charge in the profit and loss account	1,152	1,411

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

The differences are reconciled below:

	2019	2018
	£ 000	£ 000
Profit before tax	5,604	7,243
Corporation tax at standard rate	1,065	1,376
(Decrease)/increase in current tax from adjustment for prior periods	(7)	13
Increase from effect of different UK tax rates on some earnings	1	1
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	93	21
	1,152	1,411
Total tax charge	1,152	1,411

Health-On-Line Company UK Limited

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

9 Income tax (continued)

The tax rate for the current year remains at 19%.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 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 tax rates.

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 £17,744.

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%.

In addition to the amount charged to the income statement and other comprehensive income, the following amounts relating to tax have been recognised directly in equity:

	2019 £ 000	2018 £ 000
Equity		
Current tax		
IFRS transitional relief	(15)	-
Deferred tax		
IFRS transitional relief	(30)	-
Total income tax recognised directly in equity	(45)	-
Deferred tax		
Deferred tax assets and liabilities		Asset
2019		£ 000
Accelerated tax depreciation		131
Deferred tax on Right of Use asset		30
		161
2018		Asset
		£ 000
Accelerated tax depreciation		121
Deferred tax on Right of Use asset		-
		121

Health-On-Line Company UK Limited

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

9 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2019 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	121	10	-	131
Deferred tax on Right of Use asset	-	-	30	30
Net tax assets/(liabilities)	121	10	30	161

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	122	(1)	121
Deferred tax on Right of Use asset	-	-	-
Net tax assets/(liabilities)	122	(1)	121

Health-On-Line Company UK Limited

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

10 Intangible assets

	Other intangible assets £ 000
Cost or valuation	
At 1 January 2019	862
At 31 December 2019	862
Amortisation	
At 1 January 2019	90
Amortisation charge	91
At 31 December 2019	181
Carrying amount	
At 31 December 2019	681
At 31 December 2018	772

The amortisation charge of £91k has been charged to administrative expenses.

Other intangible assets represents the purchase of portfolios of future renewal rights of appointed representatives, acquired as part of the Securehealth acquisition. The remaining amortisation period is 7-8 years.

11 Right of use assets

	Property £ 000
Right of Use Assets	
Recognised on application of IFRS 16	4,302
Balance as at 31 December 2019	4,302
Accumulated Depreciation and impairment	
Recognised on application of IFRS 16	2,700
Charge for the Year	430
Balance as at 31 December 2019	3,130
Net book value at 31 December 2019	1,172
Net book value at 31 December 2018	-

Health-On-Line Company UK Limited

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

12 Debtors

	2019	2018
	£ 000	£ 000
Debtors from related parties	10,708	11,703
Prepayments and accrued income	517	771
Other debtors	2,728	6,372
Deferred tax assets	161	121
	<u>14,114</u>	<u>18,967</u>
Less non-current portion	<u>(123)</u>	<u>(121)</u>
	<u><u>13,991</u></u>	<u><u>18,846</u></u>

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

13 Cash and cash equivalents

	2019	2018
	£ 000	£ 000
Cash at bank	<u>11,480</u>	<u>5,620</u>

14 Creditors: Amounts falling due within one year

	2019	2018
	£ 000	£ 000
Trade creditors	448	1,542
Amounts due to related parties	-	2,239
Income tax liability	3,619	2,472
Social security and other taxes	19	44
Accruals and deferred income	3,148	3,538
Current portion of long term lease liabilities	474	-
	<u>7,708</u>	<u>9,835</u>

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

Health-On-Line Company UK Limited

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

15 Leases

Leases included in creditors

	2019	2018
	£ 000	£ 000
Current portion of long term lease liabilities	474	-
Long term lease liabilities	677	-

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2019	2018
	£ 000	£ 000
Less than one year	491	-
2 years	337	-
3 years	108	-
4 years	108	-
5 years	108	-
6 years	40	-
Total lease liabilities (undiscounted)	1,192	-

16 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments (under IAS 17) is as follows:

	2019	2018
	£ 000	£ 000
Within one year	-	493
In two to five years	-	1,136
In over five years	-	171
	-	1,800

During the year, £491k of operating lease expense was recognised in Administrative expenses (2018: £493k).

17 Other provisions

	Indemnity commission	Lease Obligations	Total
	£ 000	£ 000	£ 000
At 1 January 2019	3,611	248	3,859
Decrease in existing provisions	(696)	(11)	(707)
At 31 December 2019	2,915	237	3,152

Health-On-Line Company UK Limited

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

17 Other provisions (continued)

Indemnity commission

The Company sells insurance under indemnity terms. The provision for indemnity commission relates to the expected value, based on past experience and market rates of commission, reclaimable by a product provider should policies be cancelled after their sale and within their indemnity period, which is between one and four years.

Lease obligations

In accordance with the terms of the lease agreement on floors 4, 6, 7 and 8 of the head office in Bournemouth, the Company is obligated to return the building to its original condition at the end of the lease term. The provision will be utilised at the conclusion of the lease term.

18 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
2 Ordinary shares of £1 each	2	2	2	2
1 B Ordinary share of £1 each	1	1	1	1
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

19 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.

The ultimate controlling party is AXA SA.

Relationship between entity and parents

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

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

Health-On-Line Company UK Limited

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

20 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 Organisation ("WHO"), were reported in the People's Republic of China. In the early part of 2020 this virus subsequently spread to many other countries, and it is currently not possible to know or 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 reported.

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 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.

21 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 preparing an impairment review. There were no contracts that 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

Health-On-Line Company UK Limited

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

21 Transition to IFRS 16 (continued)

- 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.

	2019 £ 000
Operating lease commitments	
Operating lease commitments disclosed as at 31 December 2018	1,800
Discounted using the lessee's incremental borrowing rate at the date of initial application	(66)
Differences in the timing of cash payments	(113)
Differences due to low value lease	(3)
	<hr/>
Lease liabilities recognised as at 1 January 2019	1,618
	<hr/>
Of which are:	
Current lease liabilities	467
Non-current lease liabilities	1,151
	<hr/>
Lease liabilities recognised as at 1 January 2019	1,618
	<hr/>