

Registration number: SC501663

AXA Scotland Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2019

**Partnership
Accounts**



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AXA Scotland Limited

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AXA Scotland Limited

Company Information

Directors	S. N. Teale T. J. Page
Company secretary	J. P. Small
Registered office	13 Queens Road Aberdeen AB15 4YL
Auditors	Mazars LLP Chartered Accountants and Statutory Auditor Tower Bridge House St Katharine's Way London United Kingdom E1W 1DD

AXA Scotland Limited

Strategic Report for the Year Ended 31 December 2019

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

Principal activity

The principal activity of the Company is to act as the General Partner of the AXA Scotland Limited Partnership ("SLP").

Review of the business

The result for the year after taxation was £19,982 (2018: £20,000). The overall financial position at the end of the year was satisfactory and the directors expect that this state of affairs will prevail for the foreseeable future.

Strategy

The AXA UK strategy is based on a number of building blocks, which are used to further develop existing competitive advantage in order to achieve the goals within each business area. This has been mapped with the AXA Group global strategy of being the preferred company for customers, employees and shareholders.

The Board monitors the performance of the Company by reference to the following KPIs:

		2019	2018
Turnover	£	20,000	20,000
Investment in Partnership	£	100	100

Principal risks and uncertainties

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

Brexit

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

AXA Scotland Limited

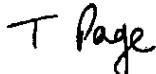
Strategic Report for the Year Ended 31 December 2019 (continued)

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 holding in the Scottish Limited Partnership. 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 27 May 2020 and signed on its behalf by:



.....
T. J. Page
Director

AXA Scotland 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.

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. Detailed budgets, plans and forecasts have been prepared and reviewed setting out the financial position of the AXA UK group 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 Report.

Directors' of the company

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

C. G. Bobby (resigned 31 December 2019)

S. N. Teale

T. J. Page (appointed 12 December 2019)

Directors' liabilities

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.

Branches outside the United Kingdom

The Company does not operate branches outside the UK.

AXA Scotland 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 partnership 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.

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 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.

AXA Scotland Limited

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

Statement of Directors' Responsibilities

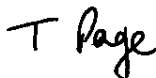
The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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 27 May 2020 and signed on its behalf by:



.....
T. J. Page
Director

AXA Scotland Limited

Independent Auditor's Report to the Members of AXA Scotland Limited

Opinion

We have audited the financial statements of AXA Scotland 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 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 19.

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 Scotland Limited

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other 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 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AXA Scotland Limited

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

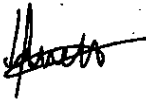
Auditor's responsibilities for the audit of the financial statements

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

27 May 2020

AXA Scotland Limited

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover		<u>20,000</u>	<u>20,000</u>
Operating profit		20,000	20,000
Administrative expenses		<u>(30)</u>	<u>-</u>
Profit before tax		19,970	20,000
Tax on profit on ordinary activities	5	<u>12</u>	<u>-</u>
Profit for the year		<u>19,982</u>	<u>20,000</u>

All the transactions relate to continuing operations.

The Company has 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 2018.

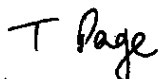
The notes on pages 13 to 19 form an integral part of these financial statements.

AXA Scotland Limited

**(Registration number: SC501663)
Balance Sheet as at 31 December 2019**

	Note	2019 £	2018 £
Fixed assets			
Investment in Partnership	8	100	100
Current assets			
Debtors	9	38,921	38,909
Cash at bank and in hand		<u>56,109</u>	<u>36,139</u>
		<u>95,030</u>	<u>75,048</u>
Net assets		<u>95,130</u>	<u>75,148</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account		<u>95,030</u>	<u>75,048</u>
Shareholder's [funds		<u>95,130</u>	<u>75,148</u>

Approved by the Board on 27 May 2020 and signed on its behalf by:



.....
T. J. Page
Director

The notes on pages 13 to 19 form an integral part of these financial statements.

AXA Scotland Limited

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

	Share capital	Profit and loss	Total
	£	account	£
		£	£
At 1 January 2019	100	75,048	75,148
Profit for the year	-	19,982	19,982
Total comprehensive income	-	19,982	19,982
At 31 December 2019	<u>100</u>	<u>95,030</u>	<u>95,130</u>
	Share capital	Profit and loss	Total
	£	account	£
		£	£
At 1 January 2018	100	55,048	55,148
Profit for the year	-	20,000	20,000
Total comprehensive income	-	20,000	20,000
At 31 December 2018	<u>100</u>	<u>75,048</u>	<u>75,148</u>

The notes on pages 13 to 19 form an integral part of these financial statements.

AXA Scotland Limited

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

1 General information

The principal activity of the Company is to act as the General Partner of the AXA Scotland Limited Partnership ("SLP").

The Company is a private limited company limited by shares under the Companies Act 2006 and is incorporated and domiciled in the UK.

The address of its registered office is:

13 Queens Road
Aberdeen
AB15 4YL
UK

These financial statements were authorised for issue by the Board on 27 May 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.

Detailed budgets, plans and forecasts have been prepared and reviewed setting out the continued financial position of the AXA UK Group for the next 12 months and a strategic plan to 2023. The directors consider that the financial impact of the COVID-19 virus on the UK economy and the Company is not currently estimable with any degree of certainty. In considering the potential impact on the Company, the directors have prepared various financial projections which incorporate the impact on trading, unemployment levels, financial markets and GDP, covering short, medium and longer-term time scales. The directors believe that the Company is well placed to manage its business risks despite the current uncertain economic outlook, and the directors 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 Report.

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

- (a) The requirements of IFRS 7 'Financial Instruments: Disclosures' provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- (b) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111, and 134 to 136 of IAS 1 'Presentation of Financial Statements'.
- (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'.

AXA Scotland Limited

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

2 Accounting policies (continued)

- (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 equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Exemption from preparing group accounts

The financial statements contain information about AXA Scotland Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company has taken advantage of section 400 of the Companies Act 2006 and has not produced consolidated financial statements on the basis that it is a subsidiary undertaking of AXA SA, which prepares consolidated financial statements and is established under the laws of an EEA State.

Changes in accounting policy

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.

Turnover

The Company charges management fees for the performance of administrative duties as the general partner of SLP. 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.

Tax

The tax credit for the year comprises current tax.

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

As a general partner of SLP, the Company is also taxed at its rate of corporation tax for its share of profit and loss of the partnership. During the year, the Company was entitled to £20,032 loss from SLP, and therefore there was no tax charge relating to the partner.

Current tax is recognised in profit and loss, except when it relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in Other Comprehensive Income or directly in equity respectively.

Investment in Partnership

Investment in Partnership is measured at partnership contribution and adjusted for any changes in the partnership capital account as a result of activities in the partnership during the year.

Cash at bank and in hand

Cash at bank and in hand 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.

Share capital

AXA Scotland Limited

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

2 Accounting policies (continued)

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial instruments

Initial recognition

Financial assets comprise all assets reflected in the balance sheet, excluding investments in partnership.

The Company recognises financial assets 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. 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, financial assets 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:

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 and loss:

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

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.

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 in the application of accounting policies.

AXA Scotland Limited

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

4 Auditor's remuneration

	2019	2018
	£	£
Audit Services		
Fees payable to the Company's auditor for the audit of the statutory accounts	<u>5,300</u>	<u>5,200</u>

The audit fees payable were borne by the Company's parent, AXA UK plc.

5 Income tax

Tax credited in the profit and loss account

	2019	2018
	£	£
Current taxation		
UK corporation tax	<u>(12)</u>	<u>-</u>

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

The differences are reconciled below:

	2019	2018
	£	£
Profit before tax	<u>19,970</u>	<u>20,000</u>
Corporation tax at standard rate	3,794	3,800
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(3,806)</u>	<u>(3,800)</u>
Total tax credit	<u>(12)</u>	<u>-</u>

The standard rate of tax applied to the reported profit on ordinary activities is 19.00% (2018: 19.00%). Changes to the UK corporation tax rate were substantively enacted in the Finance Act 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020..

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 has no impact on the balance sheet at 31 December 2019. The budget announcement was substantively enacted on 17 March 2020.

AXA Scotland Limited

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

6 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 directors did not receive any emoluments or other benefits from the Company or from any other company in the AXA Group in respect of qualifying services to the Company in the current or prior year.

Mr. C. G. Bobby and Mrs. S. N. Teale were directors of SBJ Group Limited during the year, and their emoluments, which relate to their services to the AXA Group as a whole, are disclosed in the financial statements of that company.

Mrs. T. J. Page was a director of Guardian Royal Exchange 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.

One director exercised share options or employee sharesave options during the year (2018: One).

7 Staff costs

All staff involved in providing services to the Company are employed by either AXA Services Limited or AXA UK plc. The Company is not directly charged for any services provided to it by employees of either AXA Services Limited or AXA UK plc.

8 Investment in Partnership

Partnerships	£
Cost or valuation	
At 1 January 2018	100
At 31 December 2018	100
At 1 January 2019	100
At 31 December 2019	100

The Investment in Partnership represents a partnership holding in SLP.

AXA Scotland Limited

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

9 Debtors

	2019	2018
	£	£
Debtors from related parties	38,895	38,895
Income tax asset	26	14
	38,921	38,909

All amounts due from related parties are unsecured, non-interest bearing, and repayable on demand.

10 Share capital

Allotted, called up and fully paid shares

	No.	2019	No.	2018
		£		£
100 Ordinary Shares of £1 each	100	100	100	100

11 Reserves

Profit and loss account

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

12 Parent and ultimate parent undertaking

The Company's immediate parent is AXA UK plc.

The ultimate parent is AXA SA.

The most senior parent entity producing publicly available financial statements 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

AXA Scotland Limited

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

13 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 partnership 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.

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 goods and services and (iii) the financial condition of other AXA entities.

Registration number: SL020127

AXA Scotland Limited Partnership

Annual Report and Financial Statements

for the Year Ended 31 December 2019

AXA Scotland Limited Partnership

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AXA Scotland Limited Partnership

Partnership Information

General Partner	AXA Scotland Limited
Limited Partners	AXA UK plc AXA UK Pension Trustees Limited
Auditors	Mazars LLP Chartered Accountants and Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

AXA Scotland Limited Partnership

Strategic Report for the Year Ended 31 December 2019

The General Partner presents the strategic report of AXA Scotland Limited Partnership ("the Partnership") for the year ended 31 December 2019.

Review of the business

The Partnership is an investment vehicle for the AXA UK Pension Scheme; with investments from AXA UK plc and the AXA UK Pension Trustees Limited (as trustee of the AXA UK Pension Scheme) as Limited Partners, and AXA Scotland Limited as General Partner responsible for management. In accordance with The Partnerships (Accounts) Regulations 2008, the Partnership meets the accounting, disclosure and audit requirements which apply to a UK limited company on the grounds that its General Partner is a limited company.

Results and performance

The loss for the period was £1,931,857 (2018: £1,869,880). The overall financial position at the end of the period was satisfactory and the partners expect that this state of affairs will continue for the foreseeable future.

Strategy

The AXA UK strategy is based on a number of building blocks, which are used to further develop existing competitive advantage in order to achieve the goals within each business area. This has been mapped with the AXA Group global strategy of being the preferred company for customers, employees and shareholders.

Key performance indicators ("KPIs")

The Board monitors the performance of the Partnership by reference to the following KPIs:

	2019	2018
	£	£
Loss for the financial year	(1,931,857)	(1,869,880)
Loans to group undertakings	313,665,311	323,942,567

Principal risks and uncertainties

The AXA UK group has established a group-wide process for risk acceptance and risk management, which is addressed through a framework of policies, procedures and internal controls. All policies are subject to ongoing review by management, risk management and group internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Partnership and the compliance and finance teams take on an important oversight role in this regard.

AXA Scotland Limited Partnership

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 the 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 Partnership 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 partners are also monitoring potential adverse effects of the spread of COVID-19 on the Partnership's business activities, in particular, the scope and severity of any further downturn in global financial markets and the global economy and consequential impacts this could have on AXA SA and its ability to meet its financial obligations. Depending on the rate of transmission and related mortality, COVID-19 may have significant adverse effects on our business, operations and financial results. The partners consider that the financial impact of the COVID-19 virus on the UK economy and the Partnership is not currently estimable with any degree of certainty.

Approved by the Board of the General Partner on 27 May 2020 and signed on its behalf by:



.....
T. J. Page
Director, AXA Scotland Limited

AXA Scotland Limited Partnership

Partners' Report for the Year Ended 31 December 2019

The General Partner presents the report and the financial statements for the year ended 31 December 2019.

Future developments

Future developments are discussed in the Strategic report.

Going concern

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

Detailed budgets, plans and forecasts have been prepared and reviewed setting out the financial position of the AXA UK group for the next 12 months and a strategic plan to 2023. The partners therefore believe that the Partnership is well placed to manage its business risks despite the current uncertain economic outlook arising from the current COVID-19 pandemic, and the partners have a reasonable expectation, based on sensitivity analyses, that the Partnership has adequate resources to continue in operational existence for the foreseeable future.

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

Partners

AXA Scotland Limited, the General Partner of the Partnership is responsible for the management of the Partnership; the directors of the General Partner who were in office during the year and up to the date of the approval of the financial statements are:

C. G. Bobby (resigned 31 December 2019)

S. N. Teale

T. J. Page (appointed 12 December 2019)

The company secretary of AXA Scotland Limited who was in office during the year and up to the date of approval of the financial statements is:

J. P. Small

AXA UK plc and the AXA UK Pension Trustees Limited are Limited Partners of the Partnership.

Branches outside the United Kingdom

The Partnership does not operate branches outside the UK.

AXA Scotland Limited Partnership

Partners' 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 Partnership is 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.

The Partners are closely monitoring the Partnership’s exposures to the COVID-19 outbreak, including (i) the operational impact on its activities, (ii) the consequences from a deterioration in macroeconomic conditions and a slowdown in the flow of goods and services, and (iii) the financial condition of other AXA entities.

Disclosure of information to the auditors

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

AXA Scotland Limited Partnership

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

Statement of Partners' Responsibilities

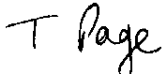
The partners acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Partnership (Accounts) Regulations 2008 requires the partners to prepare financial statements for each financial year under company law, subject to certain modification and adaptations set forth in the regulation. Under that law the partners 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 partners 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 Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the partners 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 Partnership will continue in business.

The partners are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership 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 Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of the General Partner on 27 May 2020 and signed on its behalf by:



.....
T. J. Page
Director, AXA Scotland Limited

AXA Scotland Limited Partnership

Independent Auditor's Report to the Members of AXA Scotland Limited Partnership

Opinion

We have audited the financial statements of AXA Scotland Limited Partnership (the "Partnership") 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnership (Accounts) Regulations 2008.

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 Partnership 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 20.

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 members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Partnership'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 Scotland Limited Partnership

Independent Auditor's Report to the Members of AXA Scotland Limited Partnership (continued)

Other information

The members 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 matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Partners' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Partners' 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 Partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Partners' 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 partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Members

As explained more fully in the Statement of Partners' Responsibilities set out on page 6, the partners 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 partners 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 partners are responsible for assessing the Partnership'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 partners either intend to liquidate the Partnership or to cease operations, or have no realistic alternative but to do so.

AXA Scotland Limited Partnership

Independent Auditor's Report to the Members of AXA Scotland Limited Partnership (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 qualifying partnership's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership and the qualifying partnership'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

27 May 2020

AXA Scotland Limited Partnership

Profit and Loss Account for the Year Ended 31 December 2019

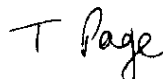
	Note	2019 £	2018 £
Administrative expenses		<u>(20,032)</u>	<u>(20,003)</u>
Operating loss		(20,032)	(20,003)
Other interest receivable and similar income	6	8,678,128	9,004,954
Interest payable and similar charges	7	<u>(10,589,953)</u>	<u>(10,854,831)</u>
Loss for the year		<u>(1,931,857)</u>	<u>(1,869,880)</u>

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

AXA Scotland Limited Partnership
(Registration number: SL020127)
Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Loans to group undertakings	8	313,665,311	323,942,567
Current assets			
Prepayment and accrued income	9	6,534,250	6,748,345
Cash at bank and in hand		<u>224</u>	<u>255</u>
		6,534,474	6,748,600
Creditors: Amounts falling due within one year	10	<u>(6,510,897)</u>	<u>(6,723,446)</u>
Net current assets		<u>23,577</u>	<u>25,154</u>
Total assets less current liabilities		313,688,888	323,967,721
Creditors: Amounts falling due after more than one year	11	<u>(282,737,150)</u>	<u>(291,084,126)</u>
Net assets		<u>30,951,738</u>	<u>32,883,595</u>
Capital and reserves			
Equity Capital	12	30,928,460	32,858,739
Profit and loss account		<u>23,278</u>	<u>24,856</u>
Total partnership funds		<u>30,951,738</u>	<u>32,883,595</u>

Approved by the Board of the General Partner on 27 May 2020 and signed on its behalf by:



.....
T. J. Page
Director, AXA Scotland Limited

AXA Scotland Limited Partnership

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

	General Partner - AXA Scotland Limited capital £	Limited Partner - AXA UK Pension Trustees Limited capital £	Limited Partner - AXA UK plc capital £	Profit and loss account £	Total £
Balance at 1 January 2019	100	100	32,858,539	24,856	32,883,595
Loss for the period	-	-	-	(1,931,857)	(1,931,857)
Total comprehensive expense	-	-	-	(1,931,857)	(1,931,857)
Transactions with partners	-	-	(1,930,279)	1,930,279	-
Balance at 31 December 2019	100	100	30,928,260	23,278	30,951,738

	General Partner - AXA Scotland Limited capital £	Limited Partner - AXA UK Pension Trustees Limited capital £	Limited Partner - AXA UK plc capital £	Profit and loss account £	Total £
Balance at 1 January 2018	100	100	34,777,141	(23,866)	34,753,475
Loss for the period	-	-	-	(1,869,880)	(1,869,880)
Total comprehensive expense	-	-	-	(1,869,880)	(1,869,880)
Transactions with partners	-	-	(1,918,602)	1,918,602	-
Balance at 31 December 2018	100	100	32,858,539	24,856	32,883,595

The notes on pages 13 to 20 form an integral part of these financial statements.

AXA Scotland Limited Partnership

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

1 General information

The principal activity of the Partnership is an investment vehicle for the AXA UK Pension Scheme.

The Partnership is a qualifying partnership under the Partnership (Accounts) Regulations 2008 and domiciled in the United Kingdom ("UK"). The General Partner is AXA Scotland Limited, and the Limited Partners are AXA UK plc and the AXA UK Pension Trustees Limited.

The address of its registered office is:

13 Queens Road
Aberdeen
AB15 4YL
United Kingdom

These financial statements were authorised for issue by the Board of the General Partner on 27 May 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 Partnership 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 under regulation 4 of the Partnership (Accounts) Regulations 2008 which requires the financial statement to be prepared in accordance with the Companies Act 2006.

Detailed budgets, plans and forecasts have been prepared and reviewed setting out the continued financial position of the AXA UK Group for the next 12 months and a strategic plan to 2023. The partners consider that the financial impact of the COVID-19 virus on the UK economy and the Partnership is not currently estimable with any degree of certainty. In considering the potential impact on the Partnership, 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 partners believe that the Partnership is well placed to manage its business risks despite the current uncertain economic outlook, and the directors have a reasonable expectation that the Partnership 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 Report.

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

- i. The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based payments, provided that for a Company that is a subsidiary, the share based payment arrangement concerns equity instruments of another group entity and that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- ii. The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- iii. The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

AXA Scotland Limited Partnership

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

2 Accounting policies (continued)

iv. The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:

1. paragraph 79(a)(iv) of IAS 1.

v. The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111, and 134 to 136 of IAS 1 Presentation of Financial Statements.

vi. The requirements of IAS 7 Statement of Cash Flows.

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

viii. The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures: (i) 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.

ix. The requirements of paragraph 134(d) to 134(f) and 135 (c) to 135 (e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Changes in accounting policy

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.

Administrative Expenses

Administrative expense represents management fees paid to AXA Scotland Limited to carry out administrative duties as the General Partner of the Partnership. These are accounted for on an accruals basis.

Interest receivable and similar income

Interest receivable and similar income represents interest earned on the loan outstanding to AXA SA. It is calculated using the effective interest method and accounted for on an accruals basis.

Interest payable and similar charges

Interest payable and similar charges represents interest and finance charges payable to AXA UK Pension Trustees Limited in respect to AXA UK plc's deemed contribution to the AXA UK Pension Scheme. These are accounted for on an accruals basis.

AXA Scotland Limited Partnership

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

2 Accounting policies (continued)

Partner Capital

i) General Partner

General Partner capital is determined by the amount that the General Partner contributed at the beginning of the Partnership, falling within the definition of equity capital.

ii) Limited Partner

Limited Partner capital is determined by the amount that each partner has initially contributed to the Partnership, falling within the definition of equity capital and adjusted for the Partnership's profit or loss and any deemed distributions during the period.

The AXA UK Pension Trustees Limited subsequent contribution of £310m has been recognised as a financial liability, due to the contractual obligations to deliver cash, falling outside the definition of equity as defined within IAS 32.

The fair value of the contribution made by AXA UK Pension Trustees Limited has been determined in reference to the fair value recorded for the corresponding asset reported within the Pension Scheme's accounts, due to the absence of an available quoted price, as prescribed by IFRS 13.

Tax

Partnership profit or loss is not subject to taxation on the Partnership; rather the tax liabilities or benefits are passed through to the partners and taxed at their respective tax rates. Refer to the separate financial statements of each of the partners for tax information.

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Initial recognition

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

The Partnership recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Partnership 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.

AXA Scotland Limited Partnership

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

2 Accounting policies (continued)

Classification and measurement

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

The classification and the basis for measurement are subject to the Partnership'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 and loss:

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

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

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at fair value through profit and loss, are measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets

The Partnership 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 Partnership 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 Partnership 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 the monitoring and exercise judgement in the selection and application of appropriate accounting policies and in the use of accounting estimates. The partners have determined that there are no accounting policies subject to significant accounting policy judgement.

AXA Scotland Limited Partnership

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

4 Auditor's remuneration

During the period the Partnership obtained the following services from the Partnership's auditor at costs detailed below:

	2019 £	2018 £
Audit services		
Fees payable to the Partnership's auditor for the audit of the statutory accounts	<u>5,300</u>	<u>5,200</u>

The audit fees payable were borne by one of the Partnership's Limited Partners, AXA UK plc.

5 Staff costs

All staff involved in providing services to the Partnership are employed by AXA Services Limited. The Partnership is not directly charged for any services provided to it by employees of AXA Services Limited.

6 Other interest receivable and similar income

	2019 £	2018 £
Other finance income	<u>8,678,128</u>	<u>9,004,954</u>

Other finance income relates to interest due to the Partnership on the outstanding loan balance.

7 Interest payable and similar charges

	2019 £	2018 £
Interest expense	8,659,674	8,936,229
Finance charge	<u>1,930,279</u>	<u>1,918,602</u>
Total	<u>10,589,953</u>	<u>10,854,831</u>

Interest expense is interest owed to AXA UK Pension Trustees Limited for its investment in the Partnership. Finance charge represents the unwinding of the illiquidity discount applied to the financial liability by the AXA UK Pension Scheme Trustees.

8 Loans to group undertakings

	2019 £	2018 £
Value at 1 January	323,942,567	333,399,074
Payments received	<u>(10,277,256)</u>	<u>(9,456,507)</u>
Value at 31 December	<u>313,665,311</u>	<u>323,942,567</u>

AXA Scotland Limited Partnership

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

8 Loans to group undertakings (continued)

On 31 March 2015 the Partnership received a loan to AXA SA from AXA UK plc for £350m as part of the capitalisation of the partnership. The purpose of this loan is to fund the deficit in the AXA UK Pension Scheme. The Partnership is initially entitled to all future cash flows of the loan, representing capital and interest. Most of the cash flows are passed to the AXA UK Pension Scheme through the AXA UK Pension Trustees Limited partnership capital and current accounts, as AXA SA makes payments of capital and interest on the loan.

The loan has a term of 20 years maturing on 31 March 2035, at a fixed interest rate of 2.745%.

9 Debtors

	2019	2018
	£	£
Prepayments and accrued income	<u>6,534,250</u>	<u>6,748,345</u>

Prepayments and accrued income represents the interest receivable on the loan held with AXA (note 8).

10 Creditors: amounts due within one year

	2019	2018
	£	£
Amount owed to Limited Partner (AXA UK Pension Trustees Limited)	6,472,002	6,684,552
Amount owed to General Partner	<u>38,895</u>	<u>38,894</u>
Total	<u>6,510,897</u>	<u>6,723,446</u>

Amount owed to General Partner is unsecured, non-interest bearing and repayable on demand. Amount owed to Limited Partner is the interest due on the capital contributions made by the Limited Partner, repayable annually.

11 Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Amount owed to Limited Partner (AXA UK Pension Trustees Limited)	<u>282,737,150</u>	<u>291,084,126</u>

Amount owed to Limited Partner represents the obligation to repay the contribution made by AXA UK Pension Trustees Limited to the Partnership of £310m, net of a £40m illiquidity discount. In accordance with the partnership agreement capital repayments will be made annually over a 20 year term, incorporating the unwinding of the illiquidity discount.

AXA Scotland Limited Partnership

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

12 Partnership capital

	2019 £	2018 £
Limited Partner capital account		
AXA UK Pension Trustees Limited	100	100
AXA UK plc	30,928,260	32,858,539
General Partner capital account		
AXA Scotland Limited	<u>100</u>	<u>100</u>
Total partnership capital	<u>30,928,460</u>	<u>32,858,739</u>

On 27 March 2015 AXA UK Pension Trustees Limited and AXA UK plc each contributed £100 as limited partners; and AXA Scotland Limited contributed £100 as a general partner to form the Partnership. Thereafter, AXA UK plc contributed an additional £350m to the Partnership in the form of a loan receivable from AXA SA. £310m of the additional contribution was contributed on behalf of the AXA UK Pension Scheme by AXA UK Pension Trustees Limited, as a contribution to fund the pension scheme deficit by AXA UK plc. The £310m contribution has been classified as a financial liability, as detailed within the accounting policies.

13 Immediate and ultimate parent

The structure of the Partnership means that there is no immediate parent company. The partners are as follows:

AXA Scotland Limited - General Partner
AXA UK plc - Limited Partner
AXA UK Pension Trustees Limited - Limited Partner

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

The ultimate controlling party is AXA SA.

AXA Scotland Limited Partnership

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 Partnership is 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.

The Partners are closely monitoring the Partnership’s exposures to the COVID-19 outbreak, including (i) the operational impact on its activities, (ii) the consequences from a deterioration in macroeconomic conditions and a slowdown in the flow of goods and services, and (iii) the financial condition of other AXA entities.