

# **AXA INSURANCE PLC**

## **2018 Interim Report and Financial Statements**

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



# AXA Insurance plc

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# **AXA Insurance plc**

## **Company information**

### **Directors**

C. G. Bobby  
R. D. Pagden  
B. Poupert-Lafarge

The directors have served throughout the period and up to the date of approval of the financial statements, with the exception of C. G. Bobby and R. D. Pagden who were appointed as directors of the Company on 8 May 2018.

### **Secretary**

J.P. Small

### **Auditors**

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

## **AXA Insurance plc**

### **Interim Management Report**

The directors present the interim report and financial statements on AXA Insurance plc ("the Company") for 1 October 2018.

### **Events that have occurred in the period to 1 October 2018**

The Company received a dividend of €50m from its subsidiary AXA Holdings Ireland Limited on 4 May 2018.

The company received, from its subsidiary AXA Insurance UK plc, a dividend of £240m on 25 April 2018, and a dividend of £140m on 1 October 2018.

### **Principal risks and uncertainties for the remaining three months**

The principal risks and uncertainties and the process of risk acceptance and management, remain consistent with those disclosed on page 3 of the strategic report within the annual financial statements.

### **Going concern**

The Company has considerable financial resources, with significant investments in group companies (note 5). Detailed budgets, plans and forecasts have been prepared and reviewed setting out the financial position of the AXA Insurance plc group for the next 3 months and a strategic plan to 2020. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, 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 financial statements.

**AXA Insurance plc****Profit and Loss Account  
for the period ended 1 October 2018**

	Note	1 Oct 2018 unaudited £'000	1 Oct 2017 unaudited £'000
Administrative expenses		-	(324)
Dividends from group undertakings	2	423,634	-
Interest payable and similar charges		(63)	(61)
Net exchange gains/(losses)	3	482	(885)
<b>Profit/(loss) on ordinary activities before tax</b>		<b>424,053</b>	<b>(1,270)</b>
Tax on profit/(loss) on ordinary activities	4	(80)	(3,195)
<b>Profit/(loss) for the financial period</b>		<b>423,973</b>	<b>(4,465)</b>

All the transactions relate to continuing operations.

The information on pages 7 to 12 forms an integral part of these financial statements.

**AXA Insurance plc****Statement of Comprehensive Income  
for the period ended 1 October 2018**

	Note	1 Oct 2018 unaudited £'000	1 Oct 2017 unaudited £'000
<b>Profit/(Loss) for the financial period</b>		<b>423,973</b>	<b>(4,465)</b>
<b>Other comprehensive income:</b>			
<b>Items that may subsequently be reclassified to profit and loss</b>			
Actuarial gain on the defined benefit obligation		-	903
Movement in deferred tax relating to the defined benefit obligation		-	(1,823)
<b>Other comprehensive income net of tax</b>		<b>-</b>	<b>(920)</b>
<b>Total comprehensive income for the period</b>		<b>423,973</b>	<b>(5,385)</b>

The information on pages 7 to 12 forms an integral part of these financial statements.

**AXA Insurance plc****Balance sheet  
as at 1 October 2018**

	Note	1 Oct 2018 unaudited £'000	31 December 2017 audited £'000
<b>Assets</b>			
<b>Fixed Assets</b>			
Investments in group undertakings	5	2,346,369	2,346,369
<b>Current Assets</b>			
Debtors	6	215,942	11,011
<b>Creditors</b>			
Amounts falling due within one year	7	(100,709)	(291,214)
<b>Net current liabilities</b>		<b>115,233</b>	<b>(280,203)</b>
<b>Total assets less current liabilities</b>		<b>2,461,602</b>	<b>2,066,166</b>
Creditors - amounts falling due after more than one year		-	(28,537)
<b>Net assets</b>		<b>2,461,602</b>	<b>2,037,629</b>
<b>Capital and reserves</b>			
Called up share capital	9	69,810	69,810
Share premium		1,129,975	1,129,975
Other Reserves		479,386	479,386
Profit and loss account		782,431	358,458
<b>Total shareholders' funds</b>		<b>2,461,602</b>	<b>2,037,629</b>

The financial statements on pages 3 to 12 were approved by the Board of Directors on 26 October 2018 and were signed on its behalf by:



C.G. Bobby  
Director

**AXA Insurance plc****Statement of Changes in Equity  
for the period ended 1 October 2018**

	<b>Called up share capital £'000</b>	<b>Share Premium £'000</b>	<b>Other Reserves £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>At 1 January 2018</b>	<b>69,810</b>	<b>1,129,975</b>	<b>479,386</b>	<b>358,458</b>	<b>2,037,629</b>
Profit for the year	-	-	-	423,973	423,973
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>423,973</b>	<b>423,973</b>
<b>At 1 October 2018</b>	<b>69,810</b>	<b>1,129,975</b>	<b>479,386</b>	<b>782,431</b>	<b>2,461,602</b>

	<b>Called up share capital £'000</b>	<b>Share Premium £'000</b>	<b>Other Reserves £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>At 1 January 2017</b>	<b>69,810</b>	<b>1,129,975</b>	<b>479,386</b>	<b>364,053</b>	<b>2,043,224</b>
Loss for the year	-	-	-	(4,465)	(4,465)
Actuarial profit on defined benefit obligation	-	-	-	903	903
Deferred tax relating to the defined benefit obligation	-	-	-	(1,823)	(1,823)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,385)</b>	<b>(5,385)</b>
<b>At 1 October 2017</b>	<b>69,810</b>	<b>1,129,975</b>	<b>479,386</b>	<b>358,668</b>	<b>2,037,839</b>

The information on pages 7 to 12 forms an integral part of these financial statements.



# AXA Insurance plc

## Notes to the Financial Statements as at 1 October 2018

### General Information

AXA Insurance plc ("the Company") acts as a holding company for its insurance subsidiaries in the United Kingdom ("UK") and the Republic of Ireland. Refer to note 5 for a list of subsidiary undertakings.

The Company is a public 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 5 Old Broad Street, London, EC2N 1AD.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017 were approved by the board of directors on 8 May 2018 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

These condensed interim financial statements have been reviewed, not audited.

### 1. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### I. Basis of preparation

These interim financial statements for nine months ended 1 October 2018 have been prepared in accordance with FRS 104, 'Interim financial reporting', as issued by the Financial Reporting Council. 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 interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The Company's 2017 Annual Report and Accounts can be accessed at the Registrar of Companies.

The accounting policies applied in the interim financial statements are the same as those applied in the Company's 2017 Annual Report and Accounts, except for the adoption of new standards, interpretations and amendments to existing standards detailed below in note II.

FRS 104 allows certain exemptions applied in the preparation of annual financial statements to be applied when preparing interim financial statements, as noted below:

- The requirement in paragraph 8(d) to present a statement of cash flows does not apply to entities that will not present a statement of cash flows in its next annual financial statements.
- The omission of related party disclosures between wholly owned members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

# AXA Insurance plc

## Notes to the Financial Statements (continued) as at 1 October 2018

### II. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year, with the exception of those amendments published and adopted on 1 January 2018. The Company has been required to change its accounting policies as a result of adopting IFRS 9 'Financial Instruments'. The impact of the adoption of IFRS 9 is disclosed in note 11.

A number of amendments to other IFRSs became effective for the financial year beginning on 1 January 2018. The other standards did not have any impact on the Company's accounting policies and did not require retrospective adjustments.

### III. Estimates

The preparation of financial statements in compliance with FRS 101 requires management to monitor and exercise judgment in the selection and application of appropriate accounting policies and in the use of accounting estimates. Management have not identified any areas of significant judgement that could materially impact the financial statements.

### 2. Dividends from group undertakings

At a board meeting held on the 4 May 2018, subsidiary AXA Holdings Ireland Limited proposed and approved a dividend of €50m payable to the Company.

At a board meeting held on the 25 April 2018, subsidiary AXA Insurance UK plc proposed and approved a dividend of £240m payable to the Company.

At a board meeting held on the 27 September 2018, subsidiary AXA Insurance UK plc proposed and approved a dividend of £140m payable to the Company.

### 3. Net exchange gains/(losses)

Net foreign exchange losses for the period ended 1 October 2018 amounted to a £0.4m gain (1 October 2017: £0.8m loss) relating to foreign exchange movements in borrowings denominated in a foreign currency.

### 4. Tax on gain/(loss) on ordinary activities

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

#### a) Tax in profit and loss account

##### i. Analysis of tax charge for the period

	1 October 2018 £'000	1 October 2017 £'000
<b>Corporation Tax:</b>		
Current year	80	(342)
Adjustments in respect of prior years	-	342
<b>Total current tax</b>	<b>80</b>	<b>-</b>
<b>Deferred tax:</b>		
Current year	-	3,195
Adjustments in respect of prior years	-	-
<b>Total deferred tax</b>	<b>80</b>	<b>3,195</b>
<b>Tax charge on profit/loss on ordinary activities</b>	<b>80</b>	<b>3,195</b>

**AXA Insurance plc****Notes to the Financial Statements (continued)**  
**as at 1 October 2018****4. Tax on gain/(loss) on ordinary activities (continued)****ii. Factors affecting current tax charge for the period**

Corporation tax is calculated at 19.00% (2017: 19.25%) of the estimated taxable profit for the period.

The charge for the period can be reconciled to the profit/(loss) in the profit and loss account as follows:

	<b>1 October 2018 £'000</b>	<b>1 October 2017 £'000</b>
<b>Profit/(loss) before tax on ordinary activities before tax</b>	<b>424,053</b>	<b>(1,270)</b>
Tax at the UK corporation tax rate of 19.00% (2017: 19.25%)	<b>80,570</b>	<b>(244)</b>
Tax effect of pension transfer	-	3,048
Tax effect of income not taxable in determining taxable profit.	<b>(80,490)</b>	-
Rate change adjustment	-	49
Adjustment in respect of prior years	-	342
<b>Total tax charge for the period</b>	<b>80</b>	<b>3,195</b>

The standard rate of tax applied to the reported profit on ordinary activities is 19.00% (2017: 19.25%). Legislation was introduced in the Finance (no 2) Act 2015 to reduce the UK corporation tax rate to 19% for Financial Years 2017 to 2019. Finance Act 2016 set the UK corporation tax rate to 17% for the Financial year 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The impact included in the tax credit for the period is a credit of £nil (2017: debit of £49k).

**b) Tax in statement of comprehensive income**

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised in other comprehensive income:

**i. Analysis of charge for the period**

	<b>1 October 2018 £'000</b>	<b>1 October 2017 £'000</b>
<b>Deferred tax</b>		
<b>Items that will not subsequently be reclassified to profit and loss:</b>		
Tax effect of pension transfer	-	1,630
Remeasurement of net defined benefit liability	-	193
<b>Total income tax recognised in other comprehensive income</b>	<b>-</b>	<b>1,823</b>

**AXA Insurance plc**Notes to the Financial Statements (continued)  
as at 1 October 2018**5. Investments in group undertakings**

Shares in group undertakings	1 October 2018 £'000	31 December 2017 £'000
<b>Carrying value at 1 January and 1 October</b>	<b>2,346,369</b>	<b>2,346,369</b>

A complete list of subsidiary undertakings is detailed below:

	Address of the registered office	Holding of ordinary shares
<b>Insurance companies</b>		
AXA Insurance DAC	Wolfe Tone House, Wolfe Tone Street, Dublin 1, Ireland	100%
AXA Insurance UK plc	5 Old Broad Street, London, EC2N 1AD, UK	*100%
AXA PPP healthcare limited	5 Old Broad Street, London, EC2N 1AD, UK	100%
<b>Other companies</b>		
AXA General Insurance Limited	5 Old Broad Street, London, EC2N 1AD, UK	100%
Swiftcover Insurance Services Limited	5 Old Broad Street, London, EC2N 1AD, UK	100%
AXA Holdings Ireland Limited	Wolfe Tone House, Wolfe Tone Street, Dublin 1, Ireland	*100%
AXA Ireland Limited	Wolfe Tone House, Wolfe Tone Street, Dublin 1, Ireland	100%
AXA Ireland Pension Trustees Limited	Wolfe Tone House, Wolfe Tone Street, Dublin 1, Ireland	100%
AXA Assistance Ireland Limited	Wolfe Tone House, Wolfe Tone Street, Dublin 1, Ireland	49%
AXA Group Services Limited	Wolfe Tone House, Wolfe Tone Street, Dublin 1, Ireland	100%
AXA Pension Fund Ireland Limited	Wolfe Tone House, Wolfe Tone Street, Dublin 1, Ireland	*100%
The Royal Exchange Assurance	5 Old Broad Street, London, EC2N 1AD, UK	*100%
AXA UK Pension Trustees Limited	5 Old Broad Street, London, EC2N 1AD, UK	*99%

\* indicates holdings directly held by the Company.

**AXA Insurance plc****Notes to the Financial Statements (continued)**  
**as at 1 October 2018****6. Debtors**

	<b>1 October 2018 £'000</b>	<b>31 December 2017 £'000</b>
<b>Amounts falling due within one year</b>		
Amounts owed by ultimate parent company	3,961	3,961
Amounts owed by fellow subsidiary undertaking	-	205
Amounts owed by subsidiary undertakings	211,670	-
Taxation	311	6,845
<b>Total</b>	<b>215,942</b>	<b>11,011</b>

Amounts owed by ultimate parent company, fellow subsidiary undertakings and subsidiary undertakings are unsecured, non-interest bearing and repayable on demand.

**Deferred tax asset**

At the balance sheet date, the company has unused tax losses of £50.1m (2017: £50.1m) available for offset against future profits. No deferred tax asset has been recognised as it is not considered probable that there will be future taxable profits available. The unrecognised tax losses may be carried forward indefinitely.

**7. Creditors – amounts falling due within one year**

	<b>1 October 2018 £'000</b>	<b>31 December 2017 £'000</b>
Amount owed to intermediate parent company	26,951	118,753
Amount owed to immediate parent company	52,820	141,480
Amount owed to subsidiary undertakings	20,938	20,938
Amount owed to fellow subsidiary	-	10,043
<b>Total</b>	<b>100,709</b>	<b>291,214</b>

The above amounts owed to intermediate parent company, immediate parent company, subsidiary undertakings and fellow subsidiary undertakings are unsecured and repayable on demand. All amounts are non-interest bearing.

**8. Creditors – amounts falling due after more than one year**

	<b>1 October 2018 £'000</b>	<b>31 December 2017 £'000</b>
Amount owed to intermediate parent company	-	28,537
<b>Total</b>	<b>-</b>	<b>28,537</b>

The above amount owed to the Company's intermediate parent company, AXA UK plc, was a 5-year loan of €32m, held at £29m 31 December 2017, which bore interest at a floating rate of twelve months Euro Interbank Offered Rate plus a margin of 0.92%. The loan was inception on 9 February 2016 and was repaid on 14 May 2018.

**AXA Insurance plc****Notes to the Financial Statements (continued)**  
**as at 1 October 2018****9. Called up share capital**

	<b>1 October 2018 £'000</b>	31 December 2017 £'000
<b>Allotted, called up and fully paid</b>		
279,239,907 (2017: 279,239,907) ordinary shares of £0.25 each	<b>69,810</b>	69,810

**10. Related parties**

The Company has taken advantage of the exemption granted under FRS 101 where subsidiary undertakings do not have to disclose transactions with fellow wholly owned subsidiaries, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

The Company entered into the following transactions with related parties which do not qualify for the exemption under FRS 101.

A £28.5m repayment of an interest-bearing term loan held between the Company and AXA UK plc.

A partial settlement of an intercompany balance held by the Company with AXA UK plc of £91.8m.

**11. Changes in accounting policies**

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes to accounting policies, however, the changes did not result in adjustments to those amounts recognised in the financial statements.

*Classification and measurement*

The financial assets affected by the adoption of IFRS 9 are intercompany debtors. The basis of recognition and measurement, amortised cost using the effective interest method, previously applied has remained the same upon adopting IFRS 9.

*Impairment*

IFRS 9 introduces a new impairment model based on a forward looking expected credit loss model, rather than the previous incurred loss model which led to delayed recognition of credit losses. The Company has one type of financial asset that is subject to IFRS 9's new expected credit loss model: intercompany debtors. The Company has chosen to apply the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the debtors.

In order to determine the expected credit losses, the Company has considered that the structure of the intercompany debt is unsecured, interest free and repayable on demand. Where it is determined that a debt is repayable on demand, consideration of the balance sheet of the borrower should be reviewed to assess whether there are sufficiently accessible highly liquid assets on the borrower's balance sheet to be able to repay the debt. The Company has considered the borrower's balance sheets at 1 January 2018 and 1 October 2018 and considers that each of the borrowers has sufficiently liquid assets to be able to settle the debts if called upon, consequently any expected credit loss is considered immaterial.