

Registration number: 00932111

# AXA INSURANCE PLC

Annual Report and Financial Statements

for the Year Ended 31 December 2021

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# **AXA INSURANCE PLC**

## **Contents**

Company Information	1
Strategic Report	2 to 4
Directors' Report	5 to 7
Independent Auditor's Report	8 to 10
Profit and Loss Account	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 to 23

# **AXA INSURANCE PLC**

## **Company Information**

<b>Directors</b>	R. D. Pagden T. J. Page R. J. A. Moquet
<b>Company secretary</b>	C.A. Riddy
<b>Registered office</b>	20 Gracechurch Street London England EC3V 0BG
<b>Auditors</b>	Mazars LLP Chartered Accountants and Statutory Auditor 30 Old Bailey London England EC4M 7AU

# AXA INSURANCE PLC

## Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report on AXA Insurance plc ("the Company") for the year ended 31 December 2021.

### Principal activity

The Company acts as a holding company and the principal business of its subsidiary undertakings is the provision of a comprehensive service in the United Kingdom and Republic of Ireland of all the principal classes of general insurance business.

### Fair review of the business

The Company's profit for the year after taxation is £165,818k (2020: profit £200,184k), arising from the receipt of dividends from subsidiary undertakings.

Dividends were received during the year from subsidiaries AXA Insurance UK plc for £140,000k and AXA Holdings Ireland Limited for £25,818k (2020: £200,000k).

### Strategy

The Company has a clear strategic business model focusing on acting as a holding company to a number of different companies, including three regulated insurance companies. Further details of the subsidiaries are shown in note 7. The Company's subsidiaries which primarily affect the performance of this Company, have in place a variety of methodologies to monitor and manage the risks they accept and to plan for increasing their involvement in chosen markets. A number of initiatives are in place to deliver profitable growth in these markets and distribution channels.

### Key performance indicators (KPIs)

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

	Unit	2021	2020
Net asset value (total shareholder's funds)	£'000	2,356,103	2,329,678

The Company's activities are affected by the performance of the three main operating subsidiaries: AXA Insurance UK plc and AXA PPP healthcare limited in the United Kingdom; and AXA Insurance DAC in Ireland. The performance indicators for these operations are disclosed in the respective individual entity financial statements.

### Principal risks and uncertainties

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

The risks and uncertainties facing the Company are linked to those of its subsidiaries. A discussion of the risks and uncertainties of its subsidiaries are contained within each of the subsidiaries annual reports and financial statements.

Financial risk management is discussed in the Management of Financial Risk note set out on page 18.

## AXA INSURANCE PLC

### Strategic Report for the Year Ended 31 December 2021 (continued)

#### Section 172 statement

##### *The Company, its stakeholders and relevant issues*

The directors of AXA Insurance plc (the "Company") consider, both individually and collectively, that they have acted in the way that would most likely promote the success of the Company for the benefit of its members as a whole (having regard to relevant stakeholders and matters set out in section 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2021.

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

Shareholders: The Company has one immediate shareholder; Guardian Royal Exchange plc which provided its equity capital. AXA SA is the ultimate shareholder.

##### *Methods of engagement*

The Company seeks to engage with its shareholders in the following ways:

- Companies in the AXA UK Group engage with the ultimate shareholder through regular briefing of group directors on the performance of the AXA UK Group and upward reporting through management information systems.

- Shareholder meetings are convened in accordance with the requirements of the Companies Act:

- o An Annual General Meeting was held on 11 May 2021 with due notice given to members. All resolutions proposed at the Annual General Meeting (concerning the receipt of the financial statements and re-appointment of Mazars LLP as the Company's auditors) were approved.

- o A General Meeting was held on 17 December 2021 with due notice given to members. The meeting was called to obtain shareholder approval of a replacement set of Articles of Association, which had been updated to enable the Company to benefit from modern and flexible provisions, particularly regarding the arrangements for general meetings by electronic means.

##### *Key decisions and consideration of stakeholders*

- During the year the Board met to approve the financial statements for the previous year as well as routine matters including approval of the change of registered office, updated Corporate Authorities and replacement Articles of Association.

- In May 2021, the Board approved and paid an interim dividend, upstreaming part of an interim dividend received from its principal undertaking, AXA Insurance UK plc, in April 2021. The directors took into account all relevant matters set out in Part 23, Chapter 1 of the Companies Act concerning the payment of dividends, including reviewing the Company's distributable reserves and its ability to pay its debts as they fall due, having regard to the entirety of the Company's business and the actual and contingent liabilities (present and future) inherent in that business. The directors concluded that neither the long-term interests of the Company nor the interests of its creditors were significantly prejudiced by payment of the interim dividend and that distributable reserves were sufficient to cover the dividend.

- In December 2021, the Board agreed to amend and terminate a revolving loan facility with AXA Insurance UK plc, with the amendment to the agreement governing the loan required in order to facilitate a swifter termination of the facility. The Board took into account the fact that the facility was undrawn that the Company did not engage in trading activity, as such it no longer had a need for access to liquidity through the loan facility.

## AXA INSURANCE PLC

### Strategic Report for the Year Ended 31 December 2021 (continued)

#### Future developments

The impact of the COVID-19 pandemic and inflationary pressures have been monitored throughout the year, with plans implemented to manage the effects and assess disruptions and other risks to its activities. 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 continuing to monitor potential adverse effects of the spread of COVID-19 and rising inflation on the Company's holdings in subsidiaries, in particular, the extent of the impact on the insurance businesses of the companies to which AXA Insurance plc acts as a holding company. To date the significant impacts on the general insurance business has been through a reduction in motor claims and increase in business interruption claims and the customer promise offering within the Health insurance business.

Approved by the Board on 30 May 2022 and signed on its behalf on 28 June 2022 pursuant to delegated authority by:



.....  
R. J. A. Moquet  
Director

## AXA INSURANCE PLC

### Directors' Report for the Year Ended 31 December 2021

The directors present their report and the audited financial statements of AXA Insurance plc ("the Company") for the year ended 31 December 2021.

#### **Future developments**

Future developments are discussed in the Strategic Report.

#### **Dividends**

An interim dividend of £139m was paid in May 2021 (2020: £300m).

#### **Directors' of the Company**

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

R. D. Pagden

T. J. Page

R. J. A. Moquet

#### **Directors' qualifying third party and pension scheme indemnity provision**

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.

#### **Streamlined Energy and Carbon Reporting**

The Company qualifies as a low energy user in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and is therefore exempt from reporting on its energy usage and carbon dioxide equivalent emissions for the year ended 31 December 2021.

#### **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.

The Company has considerable financial resources, with significant investments in subsidiaries (note 7). 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, approved by the board. In recognition of the uncertainty arising through the COVID-19 pandemic and rising inflation, plans and forecasts have been re-modelled using sensitivity analysis to assess a range of possible outcomes. The directors therefore believe that the Company is well placed to manage its business risks, despite the current uncertain economic outlook arising in part from the COVID-19 pandemic, its impacts so far, and inflationary pressures and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Financial Report.

#### **Branches outside the United Kingdom**

The Company does not operate branches outside the UK.

#### **Political donations**

The Company made no donations for political purposes.

## AXA INSURANCE PLC

### Directors' Report for the Year Ended 31 December 2021 (continued)

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

##### Ukraine

On February 24, 2022, Russia invaded Ukraine, triggering a war and worldwide geopolitical tensions, leading the United States, Europe, the United Kingdom and some other countries to impose unprecedented financial and trade sanctions on the Russian economy, including asset freezes and restrictions on individuals and institutions, notably the Russian Central Bank.

The directors are closely monitoring the situation and the direct and indirect impact on the Company. The Company has well established and robust policies and procedures to ensure adherence to all regulatory requirements. Although the situation is evolving, the Directors are confident that any direct exposure through underwriting activities is negligible, and the operational impact is not material.

The macro-economic environment is similarly being closely monitored, and in particular the impact on financial markets, inflation and interest rates.

##### Restructure

On the 23 May 2022 board approval has been given to undertake a restructure of the Irish entities within the AXA UK Group, including the Company's subsidiary AXA Holdings Ireland Limited. The intention is that AXA Holdings Ireland Limited is sold to AXA Ireland Limited, which will then repurpose the entity. AXA Ireland Limited will become a direct subsidiary of the Company, at the same value as the existing investment in AXA Holdings Ireland Limited, resulting in no financial impact on the Company.

#### Disclosure of information to the auditors

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

#### Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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



## AXA INSURANCE PLC

### Directors' Report for the Year Ended 31 December 2021 (continued)

Approved by the Board on 30 May 2022 and signed on its behalf on 28 June 2022 pursuant to delegated authority by:

A handwritten signature in black ink, appearing to read 'R. J. A. Moquet', written over a horizontal dotted line.

R. J. A. Moquet  
Director

## **AXA INSURANCE PLC**

### **Independent Auditor's Report to the Members of AXA INSURANCE PLC**

#### **Opinion**

We have audited the financial statements of AXA Insurance plc (the 'Company') for the year ended 31 December 2021, 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 Company's affairs as at 31 December 2021 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.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **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. The directors are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

## **AXA INSURANCE PLC**

### **Independent Auditor's Report to the Members of AXA INSURANCE PLC (continued)**

#### **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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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.

#### **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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements such as Data Protection Act, the UK GDPR, the Bribery Act and the Proceeds of Crime and Anti-Money Laundering Act.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

## AXA INSURANCE PLC

### Independent Auditor's Report to the Members of AXA INSURANCE PLC (continued)

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as UK Tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:


- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

#### Use of the audit report

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

  
Leanne Finch (Jun 28, 2022 17:22 GMT+1)

Leanne Finch (Senior Statutory Auditor)  
For and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor  
30 Old Bailey  
London  
England  
EC4M 7AU

28 June 2022

## AXA INSURANCE PLC

### Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Income from shares in group undertakings	5	<u>165,818</u>	<u>200,000</u>
		<u>165,818</u>	<u>200,000</u>
Profit before tax		165,818	200,000
Tax on profit on ordinary activities	6	<u>-</u>	<u>184</u>
Profit for the year		<u><u>165,818</u></u>	<u><u>200,184</u></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 (2020: £nil). Therefore, the Company has elected not to present a Statement of Comprehensive Income for the year ended 31 December 2021.

The notes on pages 14 to 23 form an integral part of these financial statements.

# AXA INSURANCE PLC

(Registration number: 00932111)  
Balance Sheet as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
<b>Fixed assets</b>			
Investments	7	2,346,369	2,346,369
<b>Current assets</b>			
Debtors	8	30,696	4,878
Creditors: Amounts falling due within one year	9	(20,962)	(21,569)
<b>Net current assets/(liabilities)</b>		<u>9,734</u>	<u>(16,691)</u>
<b>Net assets</b>		<u>2,356,103</u>	<u>2,329,678</u>
<b>Capital and reserves</b>			
Called up share capital	12	69,810	69,810
Share premium reserve	13	1,129,975	1,129,975
Other reserves	13	479,386	479,386
Profit and loss account	13	<u>676,932</u>	<u>650,507</u>
<b>Shareholder's funds</b>		<u>2,356,103</u>	<u>2,329,678</u>

Approved by the Board on 30 May 2022 and signed on its behalf on 28 June 2022 pursuant to delegated authority by:



.....  
R. J. A. Moquet  
Director

The notes on pages 14 to 23 form an integral part of these financial statements.

# AXA INSURANCE PLC

## Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	69,810	1,129,975	479,386	650,507	2,329,678
Profit for the year	-	-	-	165,818	165,818
Total comprehensive income	-	-	-	165,818	165,818
Dividend (49.92p per share)	-	-	-	(139,393)	(139,393)
At 31 December 2021	69,810	1,129,975	479,386	676,932	2,356,103

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	69,810	1,129,975	479,386	750,323	2,429,494
Profit for the year	-	-	-	200,184	200,184
Total comprehensive income	-	-	-	200,184	200,184
Dividend (107.43p per share)	-	-	-	(300,000)	(300,000)
At 31 December 2020	69,810	1,129,975	479,386	650,507	2,329,678

The notes on pages 14 to 23 form an integral part of these financial statements.

# AXA INSURANCE PLC

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 1 General information

The Company acts as a holding company for its insurance subsidiaries in the United Kingdom ("UK") and the Republic of Ireland. Refer to note 7 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:  
20 Gracechurch Street  
London  
England  
EC3V 0BG

These financial statements were authorised for issue by the Board on 30 May 2022.

### 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 years presented, unless otherwise stated.

#### Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with the Companies Act 2006.

The Company has 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, approved by the board. The directors consider that the financial impact of the COVID-19 virus on the UK economy and the Company continued to create a challenging trading environment with a considerable level of uncertainty. 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 Financial 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 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.
- (c) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- (d) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - i. paragraph 79(a)(iv) of IAS 1



## AXA INSURANCE PLC

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

- (e) 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.
- (f) The requirements of IAS 7 Statement of Cash Flows.
- (g) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- (h) The requirements of paragraphs 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.
- (j) The requirements of paragraphs 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 the Company as an individual company and do not contain consolidated financial information as the parent of a group.

The Company has taken advantage of section 401 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 2021 have had a material effect on the financial statements.

#### Foreign currency transactions and balances

##### a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Sterling, which is the Company's functional and presentational currency.

##### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Translation differences related to changes in amortised cost are recognised in the Profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

## AXA INSURANCE PLC

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### **Tax**

The tax result represents the sum of the tax currently payable.

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

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

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.

##### **Investments in group undertakings and associate**

Investments in group undertakings and associate are stated at cost unless their value has been impaired, in which case they are valued at their recoverable amount, being the higher of fair value less costs of disposal and value in use. The investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The review compared the net asset values of the subsidiaries with their carrying value.

##### **Share capital**

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.

##### **Dividends**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

##### **Financial instruments**

###### **Initial recognition**

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, apart from investments in subsidiaries, deferred tax assets and employee benefits plans.

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

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

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

## AXA INSURANCE PLC

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### **Classification and measurement**

Financial instruments are classified at inception into the following categories, which then determine the subsequent measurement methodology:

- financial assets at amortised cost,
- financial liabilities 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:

- 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.

##### **Financial liabilities at amortised cost**

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

##### **Derecognition**

###### *Financial assets*

The Company derecognises a financial asset when:

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

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

###### *Financial liabilities*

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

## AXA INSURANCE PLC

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 3 Management of Financial Risk

##### *Objectives and policies*

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

The Company forms part of the AXA UK Group which has an established risk management framework on how each risk profile is identified, measured, monitored and controlled through Risk Committees advising the individual business unit Chief Executives. A dedicated risk management function supports the individual business units by ensuring that a full understanding and control of risks is incorporated into management decision making and procedures.

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

##### **Currency risk**

The Company is exposed to currency risk in respect of its subsidiary undertaking in the Republic of Ireland. The directors monitor the exposures on a regular basis from a net asset perspective.

##### **Liquidity and cash flow risk**

Liquidity risk is defined as the risk that the Company, irrespective of solvency and profitability, may not have sufficient available cash (or near cash assets or funding facilities) to pay obligations when they fall due at reasonable cost.

This is controlled via regular liquidity risk monitoring and reporting in addition to regular short-term cash flow forecasting. A robust capital management framework is in place to ensure there are appropriate loan and overdraft facilities in place.

##### **Credit risk**

Non-investment credit risk arises from the exposure of the Company to intra-group debts with other companies in the Group and from debts due from third parties. The risk in respect of these debts is controlled through ongoing monitoring of amounts due.

#### 4 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 accounting policies subject to significant accounting policy judgement and has not identified areas of significant judgement or estimation that could materially impact the financial statements.

#### 5 Income from shares in related undertakings

Dividends were received from subsidiaries AXA Insurance UK plc for £140m and AXA Holdings Ireland Limited for £25.8m (2020: £200m).

# AXA INSURANCE PLC

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 6 Income tax

Tax result/(credited) in the profit and loss account

	2021 £ 000	2020 £ 000
<b>Current taxation</b>		
Adjustment in respect of prior years	-	(184)

Corporation tax is calculated at 19% (2020: 19%) of the estimated taxable profit for the year.

The result/(credit) for the year can be reconciled to the profit in the profit and loss account as follows:

	2021 £ 000	2020 £ 000
Profit before tax	165,818	200,000
Corporation tax at standard rate	31,505	38,000
Decrease from effect of income not taxable	(31,505)	(38,000)
Tax decrease from utilisation of tax losses	-	(184)
Total tax result/(credit)	-	(184)

The standard rate of tax applied to reported profit on ordinary activities is 19.00% (2020: 19.00%).

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.

At the balance sheet date, the company has unused tax losses of £47,856,001 (2020: £48,059,305) 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 Investments

<b>Subsidiaries and associate</b>	£ 000
<b>Cost or valuation</b>	
At 1 January 2021	2,346,369
At 31 December 2021	2,346,369
<b>Carrying amount</b>	
At 31 December 2021	2,346,369

## AXA INSURANCE PLC

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 7 Investments (continued)

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2021	2020
AXA Insurance DAC	General insurance	Wolf Tone House, Wolfe Tone Street, Dublin 1, Ireland	Ordinary Shares	100%	100%
AXA Insurance UK plc*	General insurance	20 Gracechurch Street, London, EC3V 0BG England	Ordinary shares	100%	100%
AXA PPP healthcare limited	Health insurance	20 Gracechurch Street, London, EC3V 0BG England	Ordinary shares	100%	100%
AXA General Insurance Limited	Dormant	20 Gracechurch Street, London, EC3V 0BG England	Ordinary shares	100%	100%
Swiftcover Insurance Services Limited	Dormant	20 Gracechurch Street, London, EC3V 0BG England	Ordinary shares	100%	100%
AXA Holdings Ireland Limited*	Holding company	Wolf Tone House, Wolfe Tone Street, Dublin 1, Ireland	Ordinary shares	100%	100%
AXA Ireland Limited	Holding company	Wolf Tone House, Wolfe Tone Street, Dublin 1, Ireland	Ordinary shares	100%	100%
AXA Ireland Pension Trustees Limited	Nominee	Wolf Tone House, Wolfe Tone Street, Dublin 1, Ireland	Ordinary shares	100%	100%
AXA Assistance Ireland Limited	Motor rescue & claims handling	Wolf Tone House, Wolfe Tone Street, Dublin 1, Ireland	Ordinary shares	49%	49%
AXA Group Services Limited	Management services	Wolf Tone House, Wolfe Tone Street, Dublin 1, Ireland	Ordinary shares	100%	100%
AXA Pension Fund Ireland Limited*	Pension fund	Wolf Tone House, Wolfe Tone Street, Dublin 1, Ireland	Ordinary shares	100%	100%

# AXA INSURANCE PLC

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 7 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2021	2020
The Royal Exchange Assurance*	Dormant	20 Gracechurch Street, London, EC3V 0BG England	Ordinary shares	100%	100%
AXA UK Pension Trustees Limited*	Dormant	20 Gracechurch Street, London, EC3V 0BG England	Ordinary shares	99%	99%

\* indicates direct investment of the Company.

### Impairment

An impairment review of AXA Insurance plc's subsidiaries was conducted at 31 December 2021. The calculation method involved comparison of net assets of its subsidiaries to carrying value, which showed that an impairment was not required.

### 8 Trade and other debtors

	2021	2020
	£ 000	£ 000
Amounts owed by related parties	30,697	4,878
Total current trade and other debtors	30,697	4,878

Amounts owed by related parties are unsecured, non-interest bearing and repayable on demand.

### 9 Creditors - amounts falling due within one year

	2021	2020
	£ 000	£ 000
Amounts due to related parties	20,962	21,569

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

### 10 Auditor's remuneration

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

	2021	2020
	£ 000	£ 000
Fees payable for the Company's audit of the statutory accounts	6	5

The remuneration of the auditor is borne by the intermediate parent company, AXA UK plc.

## AXA INSURANCE PLC

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 11 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. R. J. A. Moquet was also a director of AXA UK plc, during the year and his emoluments, which relate to his services to the AXA Group as a whole, are disclosed in the financial statements of that company.

Mr. R. D. Pagden and Mrs. T. J. Page were directors of Guardian Royal Exchange plc 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.

#### 12 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
279,239,907 Ordinary Shares of £0.25 each	279,240	69,810	279,240	69,810

#### 13 Reserves

	Capital redemption reserve £ 000	Capital contribution reserve £ 000	Total £ 000
Other reserves			
Balance as at 1 January 2021 and 31 December 2021	3,305	476,081	479,386

#### Share premium

Represents the difference between the par value and the amount for shares issued.

#### Capital redemption reserve

Represents the redemption of previously owned shares.

#### Capital contribution reserve

Represents amounts received from parent undertakings.

#### Profit and loss account

Represents the accumulated profits and losses of the Company.

#### 14 Contingent liabilities

The Company has entered into a mutual guarantee whereby it guarantees payment of all liabilities incurred by AXA Insurance UK plc and AXA PPP healthcare limited in respect of general insurance business.



## **AXA INSURANCE PLC**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **15 Parent and ultimate parent undertaking**

The Company's immediate parent is Guardian Royal Exchange 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 and smallest group in which these financial statements are consolidated is AXA SA, incorporated in France.

The address of AXA SA is:

25, avenue Matignon  
75008 Paris  
France

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

##### **Ukraine**

On February 24, 2022, Russia invaded Ukraine, triggering a war and worldwide geopolitical tensions, leading the United States, Europe, the United Kingdom and some other countries to impose unprecedented financial and trade sanctions on the Russian economy, including asset freezes and restrictions on individuals and institutions, notably the Russian Central Bank.

The directors are closely monitoring the situation and the direct and indirect impact on the Company. The Company has well established and robust policies and procedures to ensure adherence to all regulatory requirements. Although the situation is evolving, the Directors are confident that any direct exposure through underwriting activities is negligible, and the operational impact is not material.

The macro-economic environment is similarly being closely monitored, and in particular the impact on financial markets, inflation and interest rates.

##### **Restructure**

On the 23 May 2022 board approval has been given to undertake a restructure of the Irish entities within the AXA UK Group, including the Company's subsidiary AXA Holdings Ireland Limited. The intention is that AXA Holdings Ireland Limited is sold to AXA Ireland Limited, which will then repurpose the entity. AXA Ireland Limited will become a direct subsidiary of the Company, at the same value as the existing investment in AXA Holdings Ireland Limited, resulting in no financial impact on the Company.