

Registration number: 01336017

AXA ICAS Occupational Health Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



AXA ICAS Occupational Health Services Limited

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AXA ICAS Occupational Health Services Limited

Company Information

| | |
|--------------------------|--|
| Directors | C. J. Horlick G. Parkinson M. A. Vardy T. N. Garrad |
| Company secretary | K. A. Beggs |
| Registered office | 5 Old Broad Street London EC2N 1AD |
| Auditors | Mazars LLP Chartered Accountants and Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD |

AXA ICAS Occupational Health Services Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report of AXA ICAS Occupational Health Services Limited ("the Company") for the year ended 31 December 2019.

Principal activity

The principal activity of the Company is the provision of occupational health and consultancy services. In conjunction with AXA ICAS Limited, which provides employee support services, these two companies deliver wellbeing services to corporate clients in support of the wider health strategy of the AXA PPP healthcare business as a whole.

Fair review of the business

The profit before taxation for the financial year was £148k (2018: loss £64k). Turnover continued to grow, offset by a proportional increase in cost of sales.

Business environment

The occupational health market in the United Kingdom remains competitive but there are many opportunities to increase market share and to enter new related markets. We continue to review these opportunities at the same time as looking at ways to improve the effectiveness and efficiency with which our core services are delivered.

Strategy

The AXA UK Group 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 becoming the most trusted insurance partner to businesses, individuals and communities in the UK by 2020.

Key performance indicators (KPIs)

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

| | | 2019 | 2018 |
|--|-------|-------------|-------------|
| Turnover | £'000 | 13,247 | 12,441 |
| Profit/(loss) on ordinary activities before taxation | £'000 | 148 | (64) |

Principal risks and uncertainties

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

The principal risk, given the nature of the business and the competitive nature of the market, is client retention and failure to obtain further new business. Given the nature of work the Company undertakes there is also a risk of adverse impacts of inappropriate medical advice. Existing measures to control this include an appropriate level of peer review, clear clinical governance guidelines and having suitable insurance in place.

AXA ICAS Occupational Health Services Limited

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

Brexit

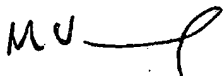
The implications to the Company of the United Kingdom's departure from the European Union on the 31 January 2020 have been considered, specifically the effects this could have on estimations and judgements made in the preparation of the financial statements, including an assessment of the impact a hard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

The impact of the COVID-19 pandemic is being monitored and plans are being established and implemented to manage the effects of the outbreak and assess disruptions and other risks to its operations. In particular the Company's management information flows, risk management processes and internal controls systems are being closely monitored and alternative mitigating controls are being introduced as appropriate. The directors are also monitoring potential adverse effects of the spread of COVID-19 on the Company's business activities, in particular, the scope and severity of any further downturn in global financial markets and the global economy and consequential impacts the AXA UK Group investment portfolio; and the extent of the impact on the insurance businesses of the companies to which the Company provides services. Depending on the rate of transmission and related mortality, COVID-19 may have significant adverse effects on our business, operations and financial results. The directors consider that the financial impact of the COVID-19 virus on the UK economy and the Company is not currently estimable with any degree of certainty.

Approved by the Board on 6 August 2020 and signed on its behalf by:



.....
M. A. Vardy
Director

AXA ICAS Occupational Health Services Limited

Directors' Report for the Year Ended 31 December 2019

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

Future developments

Future developments are discussed within 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 Company for the next 12 months and a strategic plan to 2023. The directors therefore believe that the Company is well placed to manage its business risks despite the current uncertain economic outlook arising from the current COVID-19 pandemic, and the directors have a reasonable expectation, based on sensitivity analyses, that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the Annual Report.

Directors of the Company

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

C. J. Horlick

G. Parkinson

M. A. Vardy

A. Wilkinson (resigned 31 March 2019)

The following director was appointed after the year end:

T. N. Garrad (appointed 10 June 2020)

Indemnification of Directors

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

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

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 ICAS Occupational Health Services Limited

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

Non-adjusting events after the financial period

During December 2019, a number of cases of pneumonia associated with the Coronavirus, now called COVID-19 by the World Health Organization ("WHO"), were reported in the People's Republic of China. In the early part of 2020 this virus subsequently spread to many other countries, and it is currently not possible to know or to predict the extent to which the current levels of reported cases reflect the actual transmission of the virus within populations, and accordingly the scale of the pandemic may be significantly larger than is presently recorded.

Authorities in many countries, including the UK, have taken stringent measures (including travel restrictions, home quarantine, lockdowns, and school closures) to contain the pace and scale of its spread. This has led to significant disruptions in the global travel and hospitality industries, and in global trade and supply chains more broadly; has resulted in decreased economic activity and lowered estimates for future economic growth; has created severe strains on local, national and supra-national medical and healthcare systems and institutions; and has caused global financial markets to experience significant volatility and the worst downturn since the 2008 crisis.

The Company and the companies to which it provides services are in the process of establishing and implementing plans to address how they will manage the effects of the outbreak and assess disruptions and other risks to its operations. These include the protection of employees, sustaining services to customers and other stakeholders and ensuring effective processes are in place to communicate and execute such plans..

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

Disclosure of information to the auditors

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

AXA ICAS Occupational Health Services Limited

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

Statement of Directors' Responsibilities

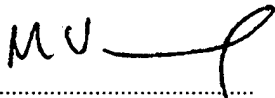
The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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 6 August 2020 and signed on its behalf by:



.....
M. A. Vardy
Director

AXA ICAS Occupational Health Services Limited

Independent Auditor's Report to the Members of AXA ICAS Occupational Health Services Limited

Opinion

We have audited the financial statements of AXA ICAS Occupational Health Services Limited (the "Company") for the year ended 31 December 2019, which comprise the Profit and Loss Account, the Balance Sheet, the 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 23.

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 ICAS Occupational Health Services Limited

Independent Auditor's Report to the Members of AXA ICAS Occupational Health Services Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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 ICAS Occupational Health Services Limited

Independent Auditor's Report to the Members of AXA ICAS Occupational Health Services Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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



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

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

6 August 2020

AXA ICAS Occupational Health Services Limited

Profit and Loss Account for the Year Ended 31 December 2019

| | | 2019 | (Restated) 2018 |
|---|------|-------------------|--------------------|
| | Note | £ 000 | £ 000 |
| Turnover | 4 | 13,247 | 12,441 |
| Cost of sales | | <u>(10,952)</u> | <u>(9,873)</u> |
| Gross profit | | 2,295 | 2,568 |
| Administrative expenses | | <u>(2,147)</u> | <u>(2,632)</u> |
| Operating profit/(loss) | | <u>148</u> | <u>(64)</u> |
| Profit/(loss) before tax | | 148 | (64) |
| Tax on profit/(loss) on ordinary activities | 8 | <u>(31)</u> | <u>10</u> |
| Profit/(loss) for the year | | <u><u>117</u></u> | <u><u>(54)</u></u> |

All transactions relate to continuing operations.


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

AXA ICAS Occupational Health Services Limited

(Registration number: 01336017)
Balance Sheet as at 31 December 2019

| | Note | 2019 £ 000 | 2018 £ 000 |
|---|------|----------------|----------------|
| Fixed assets | | | |
| Tangible assets | 9 | 507 | 508 |
| Current assets | | | |
| Debtors | 10 | 2,549 | 3,088 |
| Cash at bank and in hand | | <u>1,326</u> | <u>845</u> |
| | | 3,875 | 3,933 |
| Creditors: Amounts falling due within one year | 11 | <u>(2,592)</u> | <u>(2,782)</u> |
| Net current assets | | <u>1,283</u> | <u>1,151</u> |
| Net assets | | <u>1,790</u> | <u>1,659</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | - | - |
| Other reserve | 13 | 67 | 67 |
| Profit and loss account | 13 | <u>1,723</u> | <u>1,592</u> |
| Shareholder's funds | | <u>1,790</u> | <u>1,659</u> |

Approved by the Board on 6 August 2020 and signed on its behalf by:


.....
M. A. Vardy
Director

AXA ICAS Occupational Health Services Limited

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

| | Share capital £ 000 | Other reserve £ 000 | Retained earnings £ 000 | Total £ 000 |
|---------------------------------|--------------------------------|--------------------------------|--|------------------------|
| At 1 January 2019 | - | 67 | 1,592 | 1,659 |
| Prior period adjustment | - | - | 14 | 14 |
| At 1 January 2019 (As restated) | - | 67 | 1,606 | 1,673 |
| Profit for the year | - | - | 117 | 117 |
| Total comprehensive income | - | - | 117 | 117 |
| At 31 December 2019 | - | 67 | 1,723 | 1,790 |

| | Share capital £ 000 | Other reserve £ 000 | (Restated) Retained earnings £ 000 | Total £ 000 |
|---------------------------------|--------------------------------|--------------------------------|---|------------------------|
| At 1 January 2018 | - | 67 | (3,722) | (3,655) |
| Change in accounting policy | - | - | 55 | 55 |
| At 1 January 2018 (As restated) | - | 67 | (3,667) | (3,600) |
| Loss for the year | - | - | (54) | (54) |
| Total comprehensive income | - | - | (54) | (54) |
| Capital contribution | - | - | 5,313 | 5,313 |
| At 31 December 2018 | - | 67 | 1,592 | 1,659 |

The notes on pages 13 to 23 form an integral part of these financial statements.

AXA ICAS Occupational Health Services Limited

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

1 General information

AXA ICAS Occupational Health Services Limited ("the Company") provides occupational health and consultancy services to corporate clients in support of the wider health strategy of the AXA PPP healthcare business as a whole.

The Company is a private limited company limited by shares under the Companies Act 2006, which is incorporated and domiciled in the United Kingdom ("UK").

The address of its registered office is:

5 Old Broad Street
London
EC2N 1AD
UK

These financial statements were authorised for issue by the Board on 6 August 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.

The Company has detailed budgets, plans and forecasts have been prepared and reviewed setting out the continued financial position of the Company for the next 12 months and 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 they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial report.

Certain prior year balances have been reclassified to conform with current year presentation. This has resulted in an increase of the prior year debtors balance of £12k, offset by an increase of the creditors balance of £12k. The directors believe that the current year presentation for the above is appropriate and has not impacted the result or net assets of the Company. Further to this the 2018 other income has been restated by £5,313k relating to an intercompany loan write off, due to a subsequent review determining that the waiving of such balances constitutes the provision of capital. There has also been an increase of £14k has been recognised in the opening retained earnings in the current year relating to the reversal of depreciation that had been charged on land.

AXA ICAS Occupational Health Services Limited

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

2 Accounting policies (continued)

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

- (a) The 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 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.
- (c) 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;
 - ii. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- (d) 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.
- (e) The requirements of IAS 7 Statement of Cash Flows.
- (f) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- (g) The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures.
- (h) 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.
- (i) 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.

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.

Revenue recognition

Recognition

The Company earns revenue from the provision of services relating to occupational health and wellbeing. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The Company has two main types of revenue, as detailed below:

Contract fees

Contract fees income is receivable from contracts for the provision of occupational health and wellbeing services, which is recognised evenly over the period of each contract. It is recognised on an accruals basis which means that revenue invoiced but yet to be earned is recognised as "Deferred income" and revenue earned but not yet invoiced is recognised as "Accrued income".

Ad hoc medical service fees

Ad hoc medical service fees are recognised on an accruals basis, in accordance with the provision of the service.

AXA ICAS Occupational Health Services Limited

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

2 Accounting policies (continued)

Performance obligations

The main performance obligations in contracts consist of the provision of occupational health services such as musculoskeletal, proactive, occupational and psychological health/ESP. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date on the basis of time elapsed.

Cost of sales

Direct operational and clinical costs incurred to deliver occupational health contracts are classified as "Cost of sales". The expenses are recognised over the period during which they are incurred on an accruals basis, regardless of when payments are made.

Administrative expenses

Costs incurred to support the delivery of occupational health contracts including facilities and general administration are incurred and paid by AXA ICAS Limited, a fellow subsidiary undertaking, then recharged to the Company on an agreed basis. The expenses are recognised over the period during which they are incurred on an accruals basis, regardless of when payments are made.

Tax

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

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination than, at the time of the transaction, affect neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

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

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

AXA ICAS Occupational Health Services Limited

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

2 Accounting policies (continued)

Tangible assets

Land and buildings comprise the main office building, AXIS house. Land and buildings are stated at deemed cost, representing the revalued amount under a previous GAAP, less accumulated depreciation and any allowance for impairment losses, where appropriate.

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation

All classes of tangible assets, excluding land, are depreciated using the straight line method on the basis of their expected useful lives, as follows:

| Asset class | Depreciation method and rate |
|-------------|---|
| Buildings | Straight line up to a maximum of 50 years |

Financial instruments

Initial recognition

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

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

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

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

Classification and measurement

Financial instruments are classified at inception into the category financial assets at amortised cost.

Financial liabilities are classified into the category 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 and is not designated as at FVTPL:

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

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

AXA ICAS Occupational Health Services Limited

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

2 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The company recognises loss allowances for expected credit losses (ECL) on contract assets.

The company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, contract assets have been grouped based on the days past due.

The expected loss rates are based on historical payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their balances.

Accounting estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

The use of estimates and assumptions is principally limited to the determination of provisions for impairment.

Provisions for impairment

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

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 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.

4 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

| | 2019 | 2018 |
|-----------------------------|---------------|---------------|
| | £ 000 | £ 000 |
| Contract fees | 7,094 | 7,004 |
| Ad hoc medical service fees | 6,153 | 5,437 |
| | <u>13,247</u> | <u>12,441</u> |

AXA ICAS Occupational Health Services Limited

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

5 Auditor's remuneration

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

| | 2019 £ 000 | 2018 £ 000 |
|-----------------------------------|---------------|---------------|
| Audit of the financial statements | <u>11</u> | <u>11</u> |

The remuneration of the auditor is borne by a fellow subsidiary company, AXA PPP healthcare limited.

6 Staff costs

The Company does not directly employ any staff (2018: none). All staff are employed by either AXA PPP Healthcare Group Limited, the parent of the Company, or AXA ICAS Limited. Staff costs are borne by either AXA PPP Healthcare Group Limited or AXA ICAS Limited and disclosed in the accounts of that company.

7 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.

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

Mr. G. Parkinson and Mr. M. A. Vardy were directors of AXA ICAS 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.

Mr. C. J. Horlick was a director of AXA PPP Healthcare Administration Services Limited during the year and his emoluments, which relate to his services to the AXA Group as a whole, are disclosed in the financial statements of that company.

No directors exercised share options or employee sharesave options during the year (2018: None).

AXA ICAS Occupational Health Services Limited

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

8 Income tax

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

| | 2019 £ 000 | 2018 £ 000 |
|--|---------------|---------------|
| Current taxation | | |
| UK corporation tax | 17 | (21) |
| UK corporation tax adjustment to prior periods | 11 | - |
| | <u>28</u> | <u>(21)</u> |
| Deferred taxation | | |
| Arising from origination and reversal of temporary differences | 13 | 11 |
| Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods | (10) | - |
| Total deferred taxation | <u>3</u> | <u>11</u> |
| Tax charge/(credit) in the profit and loss account | <u>31</u> | <u>(10)</u> |

Corporation tax is calculated at 19% (2018: 19%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The differences are reconciled below:

| | 2019 £ 000 | (Restated) 2018 £ 000 |
|--|---------------|-----------------------------|
| Profit/(loss) before tax | <u>148</u> | <u>(64)</u> |
| Corporation tax at standard rate | 28 | (12) |
| Increase in current tax from adjustment for prior periods | 1 | - |
| Increase/(decrease) from effect of (income)/expenses not deductible in determining taxable profit (tax loss) | 3 | 3 |
| Deferred tax credit relating to changes in tax rates or laws | <u>(1)</u> | <u>(1)</u> |
| Total tax charge/(credit) | <u>31</u> | <u>(10)</u> |

Changes to the UK corporation tax rates 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. Deferred taxes at the balance sheet date have been measured using these enacted tax rates.

It was announced in the budget on 11 March 2020 that the above noted corporation tax rate reduction will be repealed. The budget announcement was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date continue to be measured at the enacted rate at the end of the reporting period of 17%.

AXA ICAS Occupational Health Services Limited

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

8 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities

| | Asset £ 000 |
|------------------------------|------------------------|
| 2019 | |
| Accelerated tax depreciation | 14 |
| Other timing differences | - |
| | <u>14</u> |
| 2018 | |
| Accelerated tax depreciation | 17 |
| Other timing differences | - |
| | <u>17</u> |

Deferred tax movement during the year:

| | At 1 January 2019 £ 000 | Recognised in income £ 000 | At 31 December 2019 £ 000 |
|------------------------------|--|---|--|
| Accelerated tax depreciation | 17 | (3) | 14 |
| Other timing differences | - | - | - |
| Net tax assets/(liabilities) | <u>17</u> | <u>(3)</u> | <u>14</u> |

Deferred tax movement during the prior year:

| | At 1 January 2018 £ 000 | Recognised in income £ 000 | Recognised in equity £ 000 | At 31 December 2018 £ 000 |
|------------------------------|--|---|---|--|
| Accelerated tax depreciation | 20 | (3) | - | 17 |
| Other timing differences | 19 | (9) | (10) | - |
| Net tax assets/(liabilities) | <u>39</u> | <u>(12)</u> | <u>(10)</u> | <u>17</u> |

AXA ICAS Occupational Health Services Limited

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

9 Tangible assets

| | Land and buildings £ 000 |
|--------------------------|---|
| Cost or valuation | |
| At 1 January 2019 | <u>595</u> |
| At 31 December 2019 | <u>595</u> |
| Depreciation | |
| At 1 January 2019 | 87 |
| Prior period adjustment | (14) |
| Charge for the year | <u>15</u> |
| At 31 December 2019 | <u>88</u> |
| Carrying amount | |
| At 31 December 2019 | <u><u>507</u></u> |
| At 31 December 2018 | <u><u>508</u></u> |

The Company's Profit and Loss account includes £15k (2018: £17k) of depreciation charges for the year included within administrative expenses.

The prior period adjustment of £14k relates to the reversal of the depreciation of land in previous years.

Freehold properties, carried at cost, were valued at £750k at 31 December 2019 (2018: £750k) on a fair value basis by Cushman & Wakefield, who are independent chartered surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

Included within land and buildings is an amount of £90k relating to land that is not depreciated.

AXA ICAS Occupational Health Services Limited

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

10 Debtors

| | 2019 | 2018 |
|------------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Contract assets | 1,320 | 1,639 |
| Debtors from related parties | - | 494 |
| Income tax asset | 4 | 33 |
| Prepayments and accrued income | 1,173 | 871 |
| Deferred tax assets | 14 | 17 |
| Other taxation and social security | 38 | 34 |
| | <u>2,549</u> | <u>3,088</u> |

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

Debtors are stated after provision for impairment of £97k (2018: £99k).

11 Creditors: Amounts falling due within one year

| | 2019 | 2018 |
|--------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Contract liabilities | 215 | 100 |
| Amounts due to related parties | 1,034 | 13 |
| Accruals and deferred income | 1,343 | 2,669 |
| | <u>2,592</u> | <u>2,782</u> |

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

12 Share capital

Allotted, called up and fully paid shares

| | 2019 | | 2018 | |
|------------------------------------|----------|----------|----------|----------|
| | No. 000 | £ 000 | No. 000 | £ 000 |
| Allotted and fully paid of £1 each | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

AXA ICAS Occupational Health Services Limited

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

13 Reserves

Other reserve

This represents the undistributable profit relating to the Company's previous accounting policy of carrying land and buildings using the revaluation model.

Profit and loss account

This represents the accumulated profits and losses of the Company and any capital contributions received.

14 Parent and ultimate parent undertaking

The Company's immediate parent is AXA PPP Healthcare Group Limited.

The ultimate parent is AXA SA.

The ultimate controlling party is AXA SA.

Relationship between entity and parents

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

The address of AXA SA is:

25, avenue Matignon, 75008 Paris, France.

15 Non-adjusting events after the financial period

During December 2019, a number of cases of pneumonia associated with the Coronavirus, now called COVID-19 by the World Health Organization ("WHO"), were reported in the People's Republic of China. In the early part of 2020 this virus subsequently spread to many other countries, and it is currently not possible to know or to predict the extent to which the current levels of reported cases reflect the actual transmission of the virus within populations, and accordingly the scale of the pandemic may be significantly larger than is presently recorded.

Authorities in many countries, including the UK, have taken stringent measures (including travel restrictions, home quarantine, lockdowns, and school closures) to contain the pace and scale of its spread. This has led to significant disruptions in the global travel and hospitality industries, and in global trade and supply chains more broadly; has resulted in decreased economic activity and lowered estimates for future economic growth; has created severe strains on local, national and supra-national medical and healthcare systems and institutions; and has caused global financial markets to experience significant volatility and the worst downturn since the 2008 crisis.

The Company and the companies to which it provides services are in the process of establishing and implementing plans to address how they will manage the effects of the outbreak and assess disruptions and other risks to its operations. These include the protection of employees, sustaining services to customers and other stakeholders and ensuring effective processes are in place to communicate and execute such plans.

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