

Company number: 1722567



**XL Insurance
Reinsurance**

CATLIN RISK SOLUTIONS LIMITED

ANNUAL REPORT AND ACCOUNTS

**YEAR ENDED
31 DECEMBER 2019**

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CATLIN RISK SOLUTIONS LIMITED

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CATLIN RISK SOLUTIONS LIMITED

COMPANY INFORMATION

Directors and officers at the date that the report is signed:

DIRECTORS

M Cummings
Rob Littlemore
L Prato

COMPANY SECRETARY

M L Rees

REGISTERED NUMBER

1722567

REGISTERED OFFICE

20 Gracechurch Street
London
EC3V 0BG

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

CATLIN RISK SOLUTIONS LIMITED

STRATEGIC REPORT YEAR ENDED 31 DECEMBER 2019

The Directors present their strategic report for the year ended 31 December 2019.

BUSINESS REVIEW

Catlin Risk Solutions Limited ("the Company") acts as a Lloyd's service company, introducing Marine Cargo, Hull and Liability and Accident and Health insurance business to Lloyd's Syndicate 2003 in addition to introducing life insurance business to Lloyd's Syndicate 3002. Both Lloyd's Syndicates are managed by a fellow group company, Catlin Underwriting Agencies Limited ("CUAL"). The Company does not charge commission on the broking activities that it performs on behalf of Syndicate 2003 and Syndicate 3002 ("the Syndicates"), therefore it recognised no income in the year. All expenses relating to these activities are borne by the Syndicates.

FINANCIAL KEY PERFORMANCE INDICATORS

As the Company only has a small number of Balance Sheet transactions relating to the Company's broking activities the Directors believe key performance indicators (KPIs) are not required in analysing the performance and results of the Company.

STATEMENT BY THE DIRECTORS OF THEIR PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH SECTION 172(1) OF COMPANIES ACT 2006

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

An overview of how the Directors have discharged their statutory duties is set out below. The Directors fulfil their duties partly through a governance framework that delegates day to day decision making to executive and senior management of the Company.

Long-Term View, Purpose and Strategy

Our annual strategic planning cycle is designed to consider the most appropriate actions the Company should take over the longer-term, which will contribute to the Company's success. Performance against key strategic metrics are monitored and assessed for appropriateness, at regular intervals. The Company holds an annual strategy day in June at which the Board of Directors reviews and considers the Company's strategic priorities, purpose and parameters. The Board of Directors agreed the Company's key strategic priorities for 2020 and 2021 at its meeting in September 2019. It supported maintaining a material, profitable and balanced portfolio and utilising Lloyd's of London for its brand to support insurance and reinsurance accounts that would be difficult to write on other AXA XL UK legal entities as well as portfolios that benefit Lloyd's capital, flexibility and support innovations / new products.

Our People

Our purpose and values are to put the customer first, act with integrity, have the courage to speak our mind and act to make things happen. The value of being "One AXA" means that being together and being different is what makes us better.

The Company operates within the framework of AXA XL's service company model and is the recipient of services provided by one of its sister companies. Although it does not have any employees, the Company's Governance Committee, a committee of the Board of Directors, monitors people-related issues and the Company's culture on a quarterly basis through regular reporting to it by the UK HR Director on the results of quarterly employee surveys and other items, such as annual gender pay gap reporting in the UK.

Our Impact on the Community and the Environment

In alignment with other entities in the AXA XL division, the Company has regard for the impact its operations have on the community and the environment. Striving to achieve a balance between economic, social and environmental activity is in the long-term interests of the Company, the AXA XL division and the communities in which they operate.

CATLIN RISK SOLUTIONS LIMITED

STRATEGIC REPORT YEAR ENDED 31 DECEMBER 2019

STATEMENT BY THE DIRECTORS OF THEIR PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH SECTION 172(1) OF COMPANIES ACT 2006 (CONTINUED)

Our Impact on the Community and the Environment

The AXA XL division supports a Global Day of Giving in which its people spend a day per year donating their time and skills in the communities in which they work and give.

The Company complies with the requirements of the Modern Slavery Act 2015. Together with other AXA XL companies to which the Modern Slavery Act 2015 applies, the Company publishes an annual Slavery and Human Trafficking Statement.

As part of the AXA XL division, the Company monitors its carbon footprint on an annual basis. It is now developing a carbon reduction strategy, focused on reducing direct emissions and electricity usage, exploring "green alternatives" for power and travel, and educating and engaging its workforce on this issue. It is also pursuing several ongoing energy reduction and recycling initiatives, such as use of sensor-based lighting, and providing recycling bins throughout offices for colleagues to sort their recyclable waste accordingly.

Maintaining a reputation for high standards of business conduct

The Company's commitment to ethical conduct is set out in more detail in the the AXA XL division's Code of Conduct and Code Supplement which the Board of Directors reviews on an annual basis. Policies with respect to anti-corruption and anti-bribery are contained in the Code of Conduct and Code Supplement. Failure to comply with these policies is taken very seriously and may result in disciplinary action, including but not limited to dismissal.

Engaging with our shareholder

The Company has identified one of its key strategic priorities as innovation and working with the AXA Group, being the Company's ultimate shareholder, and its network. Various initiatives were pursued throughout the year, including working with colleagues at AXA GI in the UK to demonstrate our combined offering as "One AXA" and to assess opportunities for mutual growth.

A Non-Executive Director from another part of the AXA Group was appointed in the course of the year, partly to allow for insight into operational thinking, practice and philosophy from a different part of the AXA Group.

Engagement with suppliers, customers and others in a business relationship with the company

Pursuant to The Companies (Miscellaneous Reporting) Regulations 2018, the Company is required to report on its engagement with suppliers, customers and others. The Company considers that this reporting requirement is fulfilled by the reporting provided in the section 172 statement. Its key stakeholders are its shareholder, its regulators, its policy-holders and intermediaries with which it does business.

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk management is addressed through a framework of policies procedures and internal controls, in line with the wider AXA XL Group, a division of the AXA SA group of companies, that aims to integrate existing risk programs into a more holistic embedded Group-wide risk and capital management framework.

The directors have considered all financial risks of the Company. The majority of the Company's financial assets are comprised of amounts receivable from group undertakings, which is driven by the Company's continuous writing of business for Lloyd's Syndicate 2003 in addition to introducing life insurance business to Lloyd's Syndicate 3002. The directors do not believe that there are any significant interest rate, currency, liquidity, credit or price risks. Therefore, the Board consider the company to have minimal exposure to financial risks.

This report was approved by the Board and signed on its behalf by:



M Cummings
Director
11 June 2020

CATLIN RISK SOLUTIONS LIMITED

DIRECTORS' REPORT YEAR ENDED 31 DECEMBER 2019

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

FUTURE DEVELOPMENTS

Growth and development of the business will continue to be encouraged and supported by the Board. The directors expect the Company to continue to act and provide services to the Syndicates in the foreseeable future.

The Syndicate focus is to continue sustainable and disciplined growth through our Specialty, P&C and Reinsurance business lines. By using effective distribution channels, we will continue to offer a suite of products and services to meet the evolving needs of our clients, and contribute to AXA's "Ambition 2020" plan. The Syndicate is an important part of AXA SA business model transformation to anticipate the evolving needs of the customer and match this through its preferred segments which include P&C commercial lines. The Syndicate continues to provide AXA SA with a diversified and scalable operation to service international based risks and clients.

The Lloyd's market has established a Lloyd's Brussels subsidiary which is a fully regulated insurance company, with a robust corporate structure, compliant with the regulator's requirements and capitalised according to Solvency II rules. This structure provides the market with a solid platform on which to continue to trade with, and grow in, the European Union providing access to all twenty-seven EU and three EEA countries via the existing distribution channels of brokers, coverholders and syndicates.

Since December 2019, a significant number of cases of pneumonia associated with the Coronavirus, now called COVID-2019 by the World Health Organization (WHO), have been reported worldwide. Initially reported in the province of Hubei in the People's Republic of China, it has spread across other countries, resulting in reported infections and deaths in numerous countries, including South Korea, Iran, Italy, Spain, France, the United Kingdom and the United States, and new cases and fatalities are reported daily. Furthermore, it is currently not possible to know or 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 what is presently recorded. The spread of COVID-19 has resulted globally in governmental authorities imposing quarantines and travel restrictions of varying scope, led to significant disruptions in the global travel and hospitality industries, and in global trade and supply chains more broadly, resulted in decreased economic activity and lowered estimates for future economic growth, created severe strains on local, national and supranational medical and health care systems and institutions; and caused global financial markets to experience significant volatility and the worst downturn since the 2008 financial crisis.

This has been treated as a non-adjusting event as it was declared a pandemic after December 31, 2019, as such it has not been taken account of in the recognition and measurement of the Company's assets and liabilities at December 31, 2019. It is too early to estimate the impact of COVID-19 at the date of this report, but taking account of current laws and regulations, the directors do not expect it to materially impact the Company's financial position.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial risk management policies and objectives are consistent with those established by AXA SA's ("AXA") Board. The Company's main financial asset is debtors comprising amounts receivable from insurance brokers. Consequently, the Company's main financial risk is credit risk. However, the Company acts as agent in placing risks with the Syndicates and, as such, is not liable as principal for amounts arising from such transactions. Thus the credit risk is borne by the Syndicates and not the Company.

RESULTS AND DIVIDENDS

No interim dividend was paid and the Directors do not propose to pay a final dividend (2018: £nil).

CATLIN RISK SOLUTIONS LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

DIRECTORS

The Company Directors who held office during the year and up to the date of signing the annual financial statements were:

P Bradbrook	Resigned on 1st June 2020
M Cummings	Appointed on 1st June 2020
P Greensmith	Resigned on 21st April 2020
R Littlemore	
L Prato	Appointed on 1st June 2020

COMPANY SECRETARY

The Company Secretary who holds office at the date of this report is listed on page 1.

INDEPENDENT AUDITORS

The shareholders have dispensed with the requirements to hold Annual General Meetings and appoint auditors annually, through an elective resolution. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Principles (GAAP), including United Kingdom Accounting Standards, comprising FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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

CORPORATE GOVERNANCE STATEMENT

Pursuant to The Companies (Miscellaneous Reporting) Regulations 2018, the Company is required to incorporate a statement of corporate governance arrangements in its Directors' Report, stating which corporate governance code the Company applied during the financial year, how it was applied and if it was departed from, the respects in which it did so and its reasons for so departing.

CATLIN RISK SOLUTIONS LIMITED

**DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Board of Directors has adopted the Wates corporate governance principles for large private companies subject always to the continuing applicability of, and compliance with, other sources of corporate governance identified by its regulators as being applicable to the Company.

The Company's section 172 statement demonstrates the fulfillment of the many of the Wates corporate governance principles. With respect to additional reporting required, the Board of Directors completed an internal evaluation of its effectiveness in June 2019 and monitors the key action points arising from that review through delegation to the Company's Governance Committee. The Company has adopted a diversity policy which is reviewed on an annual basis.

As a subsidiary company, executive remuneration structures are largely controlled by its parent companies. However, the Governance Committee received a presentation on AXA XL Remuneration Policy and Risk Management during the financial year, gave feedback for the purposes of the performance appraisals of the Executive Directors and considered all matters relating to remuneration required by its regulators.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

This report was approved by the Board and signed on its behalf by:



M Cummings
Director
11 June 2020

CATLIN RISK SOLUTIONS LIMITED

Independent auditors' report to the member of Catlin Risk Solutions Limited

Report on the audit of the financial statements

Opinion

In our opinion, Catlin Risk Solutions Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of profit or loss, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the member of Catlin Risk Solutions Limited (CONTINUED)

Strategic Report and Directors' Report

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 year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's member as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Andrew Moore (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 June 2020

CATLIN RISK SOLUTIONS LIMITED

**STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover		—	—
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		—	—
Tax on profit on ordinary activities	4	—	—
PROFIT FOR THE FINANCIAL YEAR		—	—

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Profit and loss account £	Total £
Balance as at 1 January 2018	53,600	(30,750)	22,850
Profit for the year	—	—	—
Balance as at 31 December 2018	53,600	(30,750)	22,850
Profit for the year	—	—	—
Balance as at 31 December 2019	53,600	(30,750)	22,850

CATLIN RISK SOLUTIONS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		2019	2018
	Note	£	£
CURRENT ASSETS			
Debtors	5	28,753,438	63,607,081
Cash and Cash equivalents		<u>9,164,333</u>	<u>4,370,005</u>
		<u>37,917,771</u>	<u>67,977,086</u>
CREDITORS: amounts falling due within one year	6	<u>(37,894,921)</u>	<u>(67,954,236)</u>
NET CURRENT ASSETS		<u>22,850</u>	<u>22,850</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,850	22,850
NET ASSETS		<u>22,850</u>	<u>22,850</u>
CAPITAL AND RESERVES			
Called up share capital	8	53,600	53,600
Profit and loss account		<u>(30,750)</u>	<u>(30,750)</u>
TOTAL SHAREHOLDERS' FUNDS		<u>22,850</u>	<u>22,850</u>

The financial statements on pages 9 to 14 were approved by the Board of Directors and signed on its behalf by:



M Cummings
Director
11 June 2020

CATLIN RISK SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

Catlin Risk Solutions Limited ("CRSL" or the "Company") is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is given on Page 1.

These financial statements have been prepared in accordance with the accounting standards in the United Kingdom Generally Accepted Accounting Principles (GAAP), including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), issued by the Financial Reporting Council and in compliance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) relating to insurance Companies and other requirements of the Companies Act 2006.

The preparation of these financial statements required management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in this statement of accounting policies.

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

1.2 Exemption from preparing cash flow statement

The Company has availed itself of the exemption under FRS 102 section 1 on 'Reduced disclosures for subsidiaries' on the grounds that it is a wholly-owned subsidiary whose ultimate parent is AXA SA (incorporated in France) which prepares a group consolidated cash flow statement in its group consolidated financial statements that are publicly available.

1.3 Exemption from disclosing related party transactions

As the Company is a wholly-owned subsidiary whose ultimate parent is AXA SA (incorporated in France), the Company has taken advantage of the exemption contained in FRS 102 section 33 'Related Party Disclosures' from disclosing related party transactions with entities which form part of the AXA SA Group.

1.4 Cash and cash equivalents

Cash and cash equivalents consist of cash held at bank, cash in hand, deposits held at call with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These investments have less than three months' maturity from the date of acquisition. Cash and cash equivalents are measured at fair value through the statement of profit or loss account.

1.5 Foreign currency

The Company's financial statements are presented in pound sterling which is the same as its functional currency. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the time of the original transactions and are not re-translated at each year end. Transactions in foreign currencies are translated into sterling at the previous month's closing rates as a proxy for the transactional rates. Exchange gains and losses are recognised in the Statement of Profit or Loss.

CATLIN RISK SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES (CONTINUED)

1.6 Taxation

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

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

1.7 Insurance broking assets and liabilities

The Company acts as agent in placing risks with the Lloyd's Syndicates and, as such, generally is not liable as principal for amounts arising from such transactions. Notwithstanding such legal relationships, assets and liabilities arising from insurance broking transactions are included within trade debtors and creditors. Similarly, fiduciary cash arising from insurance broking transactions is included within cash at bank.

Insurance broking debtors and creditors are reported in accordance FRS 102 section 2, "Concepts and Pervasive Principles". The standard precludes assets and liabilities being offset unless net settlement is legally enforceable and as a result the insurance broking debtors and creditors have been shown as the gross amounts due in respect of each contract, instead of the net amount due to or from brokers and the Lloyd's Syndicates.

Allowances are recorded, where necessary, for amounts considered by the Directors to be uncollectable.

CATLIN RISK SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2019

2 OPERATING RESULT

The auditors' remuneration for the audit of the financial statements for the year of £6,511 (2018: £1,078) has been borne by another group company.

3 STAFF COSTS

The Company has no direct employees neither did it incur staff costs during the year (2018: £nil). The employees that provide services to the Company are employed by another group service company "XL Catlin Services SE ("XLCSSSE").

The Company was not recharged any expenses during the year relating to the remuneration of its directors (2018: £nil).

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The Company had no deferred tax provision as at 31 December 2019 (2018: Nil)

A potential deferred tax asset of £16,978 based on a tax rate of 17.5% (2018: £16,493 based on tax rate of 17%) in respect of certain unutilised tax losses has not been recognised as there is insufficient evidence that it will be recoverable. This asset would be recovered should sufficient taxable profits be generated in future which would be eligible for relief against the unutilised tax losses.

There are unused tax losses of £97,016 (2018: £97,016)

5 DEBTORS

	2019 £	2018 £
Trade debtors	28,730,588	63,584,231
Amounts owed by group undertakings	22,850	22,850
	<u>28,753,438</u>	<u>63,607,081</u>

6 CREDITORS

Amounts falling due within one year	2019 £	2018 £
Trade creditors	37,606,551	67,355,796
Other creditors	288,370	295,001
Amounts owed to group undertakings	—	303,439
	<u>37,894,921</u>	<u>67,954,236</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

CATLIN RISK SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2019

7 NET FIDUCIARY ASSETS

	2019	2018
	£	£
Insurance broking debtors	28,730,588	63,584,231
Fiduciary cash	9,164,333	4,370,005
Insurance broking creditors	(37,894,921)	(67,954,236)
	<u>—</u>	<u>—</u>

8. CALLED UP SHARE CAPITAL

	2019	2018
	£	£
Allotted, called up and fully paid		
53,600 Ordinary shares of £1 each (2018 : 53,600)	<u>53,600</u>	<u>53,600</u>

9 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is wholly owned subsidiary of Catlin Underwriting (UK) Limited, a company registered in England and Wales. The company's ultimate parent undertaking is AXA SA, a company incorporated in France.

The smallest undertaking for which the Company is a member and for which group financial statements are prepared is XL Bermuda Limited (XLB), a company incorporated in Bermuda, and the largest group is AXA SA. The results of the company are consolidated within the financial statements of AXA SA and XLB. Copies of the audited consolidated financial statements of XLB can be obtained from XL House, One Bermudiana Road, Hamilton HM 11, Bermuda. Copies of the audited consolidated financial statements of AXA SA can be obtained from 25 Avenue Matignon, 75008 Paris, France.

10 Post balance sheet event

Since December 2019, a significant number of cases of pneumonia associated with the Coronavirus, now called COVID-2019 by the World Health Organization (WHO), have been reported worldwide. Initially reported in the province of Hubei in the People's Republic of China, it has spread across other countries, resulting in reported infections and deaths in numerous countries, including South Korea, Iran, Italy, Spain, France, the United Kingdom and the United States, and new cases and fatalities are reported daily. Furthermore, it is currently not possible to know or 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 what is presently recorded. The spread of COVID-19 has resulted globally in governmental authorities imposing quarantines and travel restrictions of varying scope, led to significant disruptions in the global travel and hospitality industries, and in global trade and supply chains more broadly, resulted in decreased economic activity and lowered estimates for future economic growth, created severe strains on local, national and supranational medical and health care systems and institutions; and caused global financial markets to experience significant volatility and the worst downturn since the 2008 financial crisis.

This has been treated as a non-adjusting event as it was declared a pandemic after December 31, 2019, as such it has not been taken account of in the recognition and measurement of the Company's assets and liabilities at December 31, 2019. It is too early to estimate the impact of COVID-19 at the date of this report, but taking account of current laws and regulations, the directors do not expect it to materially impact the Company's financial position.