

AXIS UK Services Limited (formerly Novae Management Limited)

Annual report and financial statements

Registered number 5745749

**For the year ended
31 December 2018**

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**AXIS UK SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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**AXIS UK SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

DIRECTORS AND OTHER INFORMATION

DIRECTORS

A B Cragg (resigned 22 March 2019)
C Butler
M A J Gregory
F Mullarkey (appointed 22 March 2018)

REGISTERED OFFICE

52 Lime Street
London
EC3M 7AF
United Kingdom

SOLICITORS

Willkie Farr & Gallagher (UK) LLP
27th Floor, CityPoint
1 Ropemaker Street
London
EC2Y 9AW
United Kingdom

AUDITORS

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR
United Kingdom

**AXIS UK SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

STRATEGIC REPORT

The Directors present their annual report and the audited financial statements for AXIS UK Services Limited (formerly Novae Management Limited) for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

AXIS UK Services Limited ("AUKSL" or "the Company") during the year acted as a management company for the AXIS Group, incurring costs on its behalf and then recharging them to other AXIS Group companies as appropriate.

This activity is expected to continue on the same basis in 2019.

The Company is a wholly owned subsidiary of Novae Group Limited, and an indirect subsidiary of AXIS Capital Holdings Limited ("ACHL").

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Directors consider the development of the Company's business, its position at the balance sheet date and future prospects to be satisfactory such that it will be able to continue to service insurance business for the AXIS Group for the foreseeable future.

The Company will continue to act as a management company for the AXIS Group, incurring costs on its behalf and recharging them to other AXIS Group companies as appropriate. The overall strategy remains consistent with 2018 and the Company is expected to break even for the 2019 year.

KEY PERFORMANCE INDICATORS

The directors and management monitor the performance of the Company on a quarterly basis.

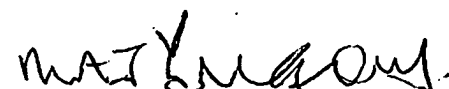
The key performance indicators during the year were as follows:

| | 2018 | 2017 |
|--------------------|---------|---------|
| | £'000 | £'000 |
| Turnover | 74,477 | 88,667 |
| Net current assets | (3,280) | (7,927) |

RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The principal risks and uncertainties affecting the Company are considered to arise from the management of employees and human resources related matters and its ability to recharge administrative costs incurred to fellow companies within the AXIS Group of companies. Further discussion of these risks and uncertainties, in the context of the AXIS Group of companies as a whole, is provided in the financial statements of AXIS Capital Holdings Limited, which itself does not form part of this report.

On behalf of the board:


Mark Gregory

Director

Date: 27 Aug 2019

**AXIS UK SERVICES LIMITED
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DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for AXIS UK Services Limited (formerly Novae Management Limited) for the year ended 31 December 2018.

RESULTS AND DIVIDEND

The Company reported a profit after taxation of £4.8 million for the year ended 31 December 2018 (2017: loss of £5.4 million).

No dividend payment was proposed for the year (2017: £nil).

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The financial statements of the Company have been prepared on the going concern basis notwithstanding that the ongoing operation of the Company is dependent upon the continued financial support of AXIS Specialty UK Holdings Limited. AXIS Specialty UK Holdings Limited has provided a letter of support stating that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed to cover the Company's working capital requirements.

Further details regarding the adoption of the going concern basis can be found in note 1.

DIRECTORS AND THEIR INTERESTS

The names of the persons who were Directors at any time during the year ended 31 December 2018 are set out on page 3 of the financial statements. Unless indicated the Directors served for the entire year. In accordance with the Articles of Association the existing Directors shall continue in office until resignation or removal.

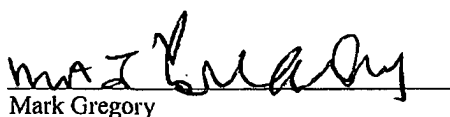
AUDITOR AND THE DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

AUDITOR

Deloitte LLP acted as Auditor of AXIS UK Services Limited from the appointment date of 21 June 2018. Pursuant to Section 485 of the Companies Act 2006, the auditors will be deemed reappointed and Deloitte LLP will therefore continue in office.

This report was approved by the Board of Directors on 27/8 2019 and signed on its behalf by


Mark Gregory

Director

Date: 27 AUGUST 2019

**AXIS UK SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 responsible steps for prevention and detection of fraud and other irregularities.

**AXIS UK SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

Independent auditor's report to the members of Axis UK Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Axis UK Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 12

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

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

**AXIS UK SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
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Independent auditor's report to the members of Axis UK Services Limited (continued)

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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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 auditor's report.

Report on other legal and regulatory requirements

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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

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Independent auditor's report to the members of Axis UK Services Limited (continued)

- 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.

We have nothing to report in respect of these matters.

Use of our 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.



Andrew Downes (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

27 AUGUST 2019

Deloitte LLP

Hill House

1 Little New Street

London EC4A 3TR

AXIS UK SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

INCOME STATEMENT – FOR THE YEAR ENDED 31 DECEMBER 2018

| | Note | 2018 £'000 | 2017 £'000 |
|---|------|---------------|----------------|
| Turnover from continuing operations | | 74,477 | 88,667 |
| Administrative expenses | 5 | (67,809) | (95,125) |
| Profit/(Loss) before taxation | | 6,668 | (6,458) |
| Tax on profit/loss | 6 | (1,863) | 1,057 |
| Profit/(Loss) for the financial year | | 4,805 | (5,401) |

STATEMENT OF COMPREHENSIVE INCOME – FOR THE YEAR ENDED 31 DECEMBER 2018

| | 2018 £'000 | 2017 £'000 |
|--|---------------|----------------|
| Profit/(Loss) for the financial year | 4,805 | (5,401) |
| Other comprehensive income: items that will not be reclassified to profit or loss | | |
| Currency translation | (158) | - |
| Total comprehensive profit/(loss) for the year | 4,647 | (5,401) |

All results for the year and prior year relate to continuing activities.

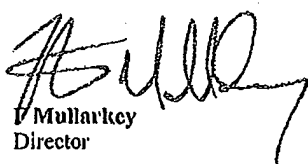
AXIS UK SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

BALANCE SHEET – FOR THE YEAR ENDED 31 DECEMBER 2018

| | | 31 December 2018 | 31 December 2017 |
|--|------|---------------------|---------------------|
| | Note | £'000 | £'000 |
| Current assets | | | |
| Cash at bank and in hand | | 10,438 | 1,973 |
| Debtors | 7 | 28,669 | 12,926 |
| | | 39,107 | 14,899 |
| Fixed assets | | | |
| Property, plant and equipment | 8 | 6,194 | 9,423 |
| | | 6,194 | 9,423 |
| Creditors: amounts falling due within one year | 9 | (48,581) | (25,791) |
| Provisions and other liabilities and charges | 5 | - | (6,458) |
| | | (48,581) | (32,249) |
| Net current liabilities | | (9,474) | (17,350) |
| Net liabilities | | (3,280) | (7,927) |
| Capital and reserves | | | |
| Called up share capital | 13 | - | - |
| Profit and loss account | | (3,122) | (7,927) |
| Currency translation reserve | | (158) | |
| Total shareholders' deficit | | (3,280) | (7,927) |

The notes on pages 13 -18 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 27th August 2019 and were signed on its behalf by:


J. Mullarkey
Director

AXIS UK SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
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STATEMENT OF CHANGES IN EQUITY – FOR THE YEAR ENDED 31 DECEMBER 2018

| | Called up share capital £'000 | Profit and loss account £'000 | Total £'000 |
|---|-------------------------------------|-------------------------------------|----------------|
| Balance as at 1 January 2017 | - | (2,526) | (2,526) |
| Loss for the year | - | (5,401) | (5,401) |
| Total comprehensive loss for the year | - | (5,401) | (5,401) |
| Balance as at 31 December 2017 | - | (7,927) | (7,927) |
| Profit for the year | - | 4,805 | 4,805 |
| Total recognised in other comprehensive income for the year | - | (158) | (158) |
| Total comprehensive profit for the year | - | 4,647 | 4,647 |
| Balance as at 31 December 2018 | - | (3,280) | (3,280) |

For the year ended 31 December 2018, AXIS UK Services Limited had 1 share fully called up and paid at par value of £1.

Profit and loss account represents accumulated comprehensive income for the year and prior years.

AXIS UK SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) and applicable law of England and Wales. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

The Company has taken advantage of the disclosure exemptions available under FRS 102 paragraph 1.12 in respect of presentation of a cash-flow statement on the basis that it is a qualifying entity and is consolidated into the Group Accounts of its parent Company, AXIS Capital, incorporated in Bermuda.

The financial statements for the preceding year were prepared in accordance with Financial Reporting Standard 101 (FRS 101), there is no financial impact as a result of the change in accounting policy therefore no restatement is required.

Going concern

The Company's business activities, performance and position along with the objectives, policies and processes for managing its principal risks and uncertainties are set out in the Directors' report on pages 4 to 5. The Directors have not projected any significant changes to the Company and there is no material uncertainty regarding the Company's ability to meet its liabilities as they fall due. As such, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Property, plant and equipment

Items of property, plant and equipment ("PPE") are stated at cost less accumulated depreciation and any impairment in value. Where categories of PPE have different useful lives, they are accounted for as separate items.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of PPE as follows:

| | |
|---------------------------|------------------------------|
| Furniture | seven years |
| Fixtures and fittings | over the period of the lease |
| IT projects and equipment | three years |

The residual value and useful lives are assessed annually and are adjusted where necessary.

Revenue and expense recognition

The Company is a recharge centre for charging out costs to other companies, all within the UK, owned by AXIS. Included within these recharges are the charges resulting from share awards made by AXIS and the former Novae Group Limited. Revenue is equal to the costs incurred during the period that have subsequently be recharged to other group companies. During 2018 restructuring costs, originally held in AUKSL in 2017 were also recharged to Novae Corporate Underwriting Limited and AXIS Corporate Capital Limited.

Operating lease payments

Payments made under operating leases are recognised in the income statement (net of any lease incentives) on a straight-line basis over the term of the lease.

AXIS UK SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Employee benefits

Defined contribution pension plan for UK employees

Obligations for contributions to defined contribution pension plans are recognised as an expense in income statement as incurred.

The defined benefit pension scheme was exited in 2015.

Taxation

Current UK corporation tax is provided on amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more than likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rate of exchange ruling at the balance sheet date and revenues and costs are converted at the rate prevailing at the date of the transaction. Profits and losses arising from foreign currency transactions and on settlement of accounts receivable and payable in foreign currencies are recognised in the Profit and Loss account.

The functional currency is US dollars. Items included in the financial statements are measured using pound sterling as the presentational currency. Balance sheet items have been translated to presentational currency at closing rates and income and expenditure have been translated to presentational currency at average rates, the resulting exchange difference is recognised in the other comprehensive income.

2. RESULT BEFORE TAXATION

The fee for the audit of the Company of £7.5k (2017: £22.4k) has been fully borne by another AXIS Group company.

Expenses including salary costs are borne by the Company and recharged to other AXIS Group companies and the managed syndicates.

3. REMUNERATION OF DIRECTORS

The number of Directors to whom retirement benefits are accruing are:

| | 2018 | 2017 |
|-----------------------------|------|------|
| Group personal pension plan | 4 | 4 |

The Directors have considered the services undertaken by management within the various companies of the AXIS Group and the basis under which the remuneration of certain Directors is charged within the respective financial statements.

As a result, the emoluments of these are disclosed in the financial statements of other Group companies based upon the services they provide to these companies and as a result are not included in these financial statements.

No loans were made to any Director of the Company during 2018 (2017: nil).

AXIS UK SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (continued)

4. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (including Directors), analysed by category, were as follows:

| | 2018 | 2017 |
|------------------------|------------|------------|
| Underwriting | 106 | 137 |
| Claims and reinsurance | 34 | 49 |
| Support | 128 | 181 |
| | 268 | 367 |

Total staff costs in the year were as follows:

| | 2018 | 2017 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Wages and salaries | 35,353 | 35,273 |
| Social security costs | 3,956 | 8,061 |
| Pension costs – defined contribution plans | 3,044 | 4,091 |
| | 42,353 | 47,425 |

All staff costs were recharged to other members of the AXIS Group.

5. ADMINISTRATIVE EXPENSES

| | 2018 | 2017 |
|--------------------------|---------------|---------------|
| | £'000 | £'000 |
| Administrative expenses | 74,477 | 86,167 |
| Restructuring expenses | (6,668) | 6,458 |
| Non - recurring expenses | - | 2,500 |
| | 67,809 | 95,125 |

At 31 December 2017 exceptional reorganisation costs of £6.5 million were provided for following the acquisition of the Novae Group by the AXIS Group. These costs were not recharged out of the Company to other AXIS Group companies for the year ended 31 December 2017. In 2018 these exceptional reorganisation costs were recharged out to Novae Corporate Underwriting Limited and AXIS Corporate Capital UK Limited.

The restructuring expenses are mainly comprised of employee termination payments following the acquisition by the AXIS Group. Non recurring expenses in 2017 principally relate to staff costs incurred in the closure of the Casualty Underwriting division of the former Novae Group.

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REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAX ON PROFIT

Tax expense included in income statement

| | 2018 | 2017 |
|---|--------------|----------------|
| | £'000 | £'000 |
| <i>Current tax</i> | | |
| UK Corporation tax on profit for the year | 2,146 | - |
| Adjustments for prior years | - | 1 |
| Adjustments for prior years | - | 4 |
| Total current tax | 2,146 | 5 |
| <i>Deferred tax</i> | | |
| Current year | (316) | (114) |
| Impact of rate change | 33 | 13 |
| Adjustments for prior years | - | (961) |
| Total deferred tax | (283) | (1,062) |
| Total income tax (credit)/expense | 1,863 | (1,057) |

| | 2018 | 2017 |
|--|--------------|----------------|
| | £'000 | £'000 |
| Reconciliation of effective tax rate | | |
| (Loss)/result before tax | 6,668 | (6,458) |
| (Loss)/result multiplied by the standard rate of tax in the UK of 19% (2017: 19.25%) | 1,267 | (1,243) |
| Effects of: | | |
| Transfer pricing adjustments | 767 | 850 |
| Overseas tax | - | - |
| Re-measurement of deferred tax – change in UK tax rate | 33 | 13 |
| Adjustment in respect of prior years | - | (956) |
| Surrender / (utilisation) of current year losses | (204) | 230 |
| Double taxation relief | - | - |
| Timing differences | - | - |
| Expenses not deductible for tax purposes | - | 49 |
| Tax (credit)/charge | 1,863 | (1,057) |

The standard rate of corporation tax in the UK is 19%. The tax rate for the current year is lower than the prior year due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017.

The Finance Act 2016 was enacted in September 2016 and contained a further future reduction to the corporation tax 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 rates and reflected in these financial statements.

AXIS UK SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. DEBTORS

| | 2018 | 2017 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Deferred tax | 1,289 | 980 |
| Amounts owed by group undertakings | 24,805 | 8,631 |
| Other debtors including taxation and social security | 231 | 922 |
| Prepayments and accrued income | 2,344 | 2,393 |
| | 28,669 | 12,926 |

8. PROPERTY, PLANT AND EQUIPMENT

| | IT projects and equipment £'000 | Fixtures and fittings £'000 | Total £'000 |
|-------------------------------|---|--------------------------------------|----------------|
| Cost | | | |
| Balance at 1 January 2018 | 6,179 | 8,610 | 14,789 |
| Additions in the year | - | 31 | 31 |
| As at 31 December 2018 | 6,179 | 8,641 | 14,820 |
| Depreciation | | | |
| Balance at 1 January 2018 | 3,823 | 1,543 | 5,366 |
| Charge for the year | 1,918 | 1,525 | 3,443 |
| As at 31 December 2018 | 5,741 | 3,068 | 8,809 |
| Currency translation | 21 | 162 | 183 |
| As at 31 December 2018 | 21 | 162 | 183 |
| Net book value | | | |
| As at 31 December 2017 | 2,356 | 7,067 | 9,423 |
| As at 31 December 2018 | 459 | 5,735 | 6,194 |

9. CREDITORS

| | 2018 | 2017 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Amounts falling due within one year | | |
| Amounts owed to group undertakings | 29,248 | 8,443 |
| Other creditors including taxation and social security | 3,082 | 2,638 |
| Accruals and deferred income | 16,251 | 14,710 |
| | 48,581 | 25,791 |

At 31 December 2018 £8.2 million is owed to Novae Group Limited. This balance is unsecured, bears no interest and is repayable on demand.

AXIS UK SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure exemption available in FRS 102 Section 33. All related party transactions are with entities that are wholly owned by the ultimate parent. The consolidated financial statements of AXIS Capital Holdings Limited, within which this Company is included, can be obtained from the address given in note 16.

11. IMMEDIATE AND ULTIMATE HOLDING COMPANY

AXIS UK Services Limited is a company limited by shares registered in England and Wales. The Company's immediate holding company is Novae Group Limited (formerly Novae Group plc), a company registered in England & Wales. The Company's ultimate holding company is AXIS Capital Holdings Limited ("ACHL"), a Bermuda registered company listed on the New York Stock Exchange. A copy of AXIS' consolidated financial statements can be obtained from that company's registered office located at AXIS House, 92 Pitts Bay Road, Pembroke, HM08, Bermuda or from its website at www.axiscapital.com.

12. COMMITMENTS

The Company leases office premises under operating leases. The leases relating to the London office run until March 2026. At the start of 2017, the Company signed a lease on an additional floor, the lease is concurrent with the other leases and runs until March 2026.

The future aggregate minimum lease payments under operating leases are as follows:

| | 2018 | 2017 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Operating leases which expire: | | |
| - within one year | 2,947 | 2,027 |
| - in the second to fifth year inclusive | 11,183 | 11,183 |
| - over five years | 7,811 | 10,607 |
| | 21,941 | 23,817 |

During the year ended 31 December 2018, £2.8 million was recognised as an expense in the income statement in respect of operating leases (2017: £2.1 million)

13. CALLED UP SHARE CAPITAL

| | 2018 | 2017 |
|------------------------------------|------|------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| Ordinary shares of £1 each | 1 | 1 |

14. POST BALANCE SHEET EVENTS

In April 2019 all London based AXIS staff relocated to one central office space as part of the post-acquisition integration plan. Subsequently level 1 of Lombard Street has been sub-let with expected rental income of £767k per annum. The remaining floors have been assigned and therefore no income is expected from these floors.