

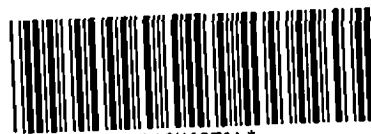
**REPORTS AND FINANCIAL STATEMENTS**

**AXIS MANAGING AGENCY LIMITED**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**Company Registration No. 08702952**

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**AXIS MANAGING AGENCY LIMITED  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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OFFICERS AND OTHER INFORMATION

**DIRECTORS**

Stephen Cane (Chairman)\*  
 Adam Cragg (resigned 22 March 2019)  
 Tadeusz Dziurman\*  
 Mark Gregory  
 Tim Hennessy  
 Kenneth Kwok (resigned 25 March 2019)  
 Geraldine Lawlor\* (resigned 29 Feb 2020)  
 Fintan Mullarkey  
 Tom Rivers  
 Alistair Robson

\* Independent Non-Executive

**SECRETARY**

Mark Rowe  
 52 Lime Street  
 London  
 EC3M 7AF  
 United Kingdom

**REGISTERED OFFICE** 52 Lime Street

London  
 EC3M 7AF  
 United Kingdom

**PRINCIPAL BANKERS** Citibank NA

Citigroup Centre  
 33 Canada Square  
 Canary Wharf  
 London  
 E14 5LB  
 United Kingdom

**SOLICITORS**

Willkie Farr & Gallagher (UK) LLP  
 Citypoint  
 1 Ropemaker Street  
 London  
 EC2Y 9AW  
 United Kingdom

**AUDITORS**

Deloitte LLP  
 1 New Street Square  
 London  
 EC4A 3HQ  
 United Kingdom

STRATEGIC REPORT

The directors present the strategic report for AXIS Managing Agency Limited (the Company) for the financial year ended 31 December 2019. The Company's registration number is 08702952.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The Company is a wholly owned subsidiary of AXIS Specialty UK Holdings Limited (ASUKHL). It was incorporated on 24 September 2013 as a private limited liability Company to act as a services company for related Group undertakings. On 21 February 2017 the Company changed its name to AXIS Managing Agency Limited (AMAL). It was formerly known as AXIS UK Corporate Services Limited.

The Company was the Appointed Representative of ASTA Managing Agency Limited (ASTA) in accordance with the terms and conditions of a third party syndicate management agreement dated 13 November 2013 in respect of the AXIS Syndicate 1686.

On 14 July 2017, the Company received regulatory approval from the Lloyd's Franchise Board, the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA) to operate as the managing agent for Syndicate 1686. Effective 4 August 2017, the Company assumed all managing agent responsibilities from ASTA.

On 8 January 2018, AXIS Capital Holdings Limited (ACHL) announced that it had received authorisation from Lloyd's for AMAL to commence the management and oversight of Syndicate 2007 and Special Purpose Arrangement (SPA) 6129. The authorisation became effective 1 January 2018, and created a single managing agent structure for AXIS' operations at Lloyd's.

Effective 1 January 2019, Syndicate 2007, which was acquired by the Group in 2017, was placed into run-off. Management consolidated its Lloyd's business into Syndicate 1686 with all AXIS Lloyd's sourced business now transacting through Syndicate 1686. Syndicate 2007 will continue to be managed by the Company but no longer accepts new business.

On 7 January 2014, the Company received USD 0.1m from ASUKHL in return for 100,000 ordinary shares at USD 1 each. On 24 April 2017, the Company received USD 0.9m from ASUKHL in return for an additional 900,000 ordinary shares at USD 1 each, thus increasing the paid up share capital to USD 1.0m. On the same date, the Company received a capital contribution of USD 9.1m from ASUKHL.

The Company reported a profit after taxation of USD 10.6m for the year ended 31 December 2019 (2018: profit of USD 11.8m).

**FUTURE DEVELOPMENTS**

**Brexit**

Lloyd's proposed to transfer all non-life business written by the Lloyd's market from 1993 that is expected to be impacted by Brexit related changes to trading rights. This will be transferred to Lloyd's Brussels and undertaken via an insurance business transfer under Part VII of the UK's Financial Services and Markets Act 2000. This is progressing in line with expectations and the Company will be part of this mechanism to ensure that it can continue to serve its clients.

**KEY PERFORMANCE INDICATORS**

The key performance indicators during the year were as follows:

	2019	2018
	USD'000	USD'000
Capacity under management	1,326,600	1,525,763
Management fee as a % of capacity	0.75%	0.67%
Operating Profit	10,580	11,768

**CLIMATE CHANGE**

AXIS Group has initiated a Climate Change Working Group, which includes AXIS Managing Agency representation, to ensure that the potential risks from climate change are identified and then managed in line with our standard risk management framework. The Company has additionally developed a plan to ensure that the exposures in its managed syndicates are systematically assessed and well monitored as appropriate.

## STRATEGIC REPORT

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### EVENTS SINCE FINANCIAL YEAR END

The operating impacts of the ongoing Coronavirus (COVID-19) outbreak is an emerging and evolving risk to which the Company is exposed.

The AXIS Group has successfully implemented business continuity plans to ensure that it will continue to operate effectively and fulfill its regulatory obligations, ensuring the safety and well-being of its employees, the continued support of and engagement with its clients and service providers. The robust nature of its remote working tools, and the positive engagement of all stakeholders has allowed the Group to continue to trade effectively in all relevant markets. At the date of signing the accounts, the Group has observed no material detrimental operational impact.

The Company has robust governance structures and monitoring processes in place, which support the on-going monitoring of its solvency and liquidity positions based on the latest available information.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks are credit, operational and liquidity risk.

#### Credit Risk

Credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfil their financial obligations. The management of credit risk comprises the identification, assessment and controlling of the relevant risks and includes monitoring of compliance with the Company's risk management standards, including various risk tolerance limits. The Company's largest credit risk exposure relates to the intercompany receivables. Intercompany receivables are settled on a quarterly basis, in line with the underlying intercompany agreement.

#### Operational risk

Operational risk represents the risk of financial loss as a result of inadequate processes, system failures, human error or external events. Transaction type operational risks are managed through the application of process controls throughout the business which are reviewed on a regular basis. In testing these controls, the managing agent undertakes regular underwriting and claim peer audits, supplemented by the work of our internal audit team. A risk register, capturing all known significant operational risks faced by the Company and the associated risk assessments, is periodically reviewed by the Risk Committee of the Board.

Within Operational risk, the managing agent also considers Regulatory risk, defined as is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The managing agent is required to comply with the requirements of the Financial Conduct Authority (FCA), Prudential Regulatory Authority (PRA) and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. The managing agent has a compliance officer who monitors business activity and regulatory developments and assesses any effects on the agent.

The Company has no appetite for failing to treat customers fairly. The Company manages and monitors its conduct risk through a suite of risk indicators and reporting metrics as part of its documented conduct risk framework.

The UK and the EU have agreed a Brexit Withdrawal Agreement where the UK officially left the EU on 31st January 2020. The agreement provides a transition period that will last until at least 31 December 2020. During the transition period the UK will remain within the European Single Market. In practice, therefore, there will be no change in the AXIS business model and the services provided to clients and brokers will remain unaffected.

As per the agreement the length of the transition period can be extended up to 31 December 2022 and the UK and the EU will make a decision by 1 July 2020 on whether such an extension will materialise. AXIS has established a Brexit working group that is monitoring any relevant developments.

Lloyd's remains committed to doing business with their European partners as the UK leaves the European Union and started underwriting EEA risks on 1 January 2019 through their Brussels subsidiary. Syndicate 1686 commenced writing business through Lloyd's Brussels starting 1 January 2019 and will work closely with Lloyd's to ensure continued operation on this platform. Lloyd's is continuing with its plans to ensure that all insurance and reinsurance policies can be serviced by the Lloyd's market beyond the date of the UK's withdrawal from the EU, including the payment of valid insurance claims.

#### Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient financial resources to meet its obligations when they fall due, or would have to incur excessive costs to do so. The Company aims to ensure it maintains adequate resources to meet its liquidity needs under both normal and stressed conditions.

To achieve this, the Company assesses, monitors and manages its liquidity needs on an ongoing basis. In particular, the Company ensures the matching of its assets and liabilities with respect to duration and other terms and conditions.

STRATEGIC REPORT

**SECTION 172 STATEMENT**

The Directors act in accordance with their duty under section 172 of the Companies Act 2006 in a way which 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 and, in doing so, to have regard to:

- the likely consequences of any decision in the long term; and
- the need to foster the company's business relationships

AMAL is a member of the AXIS Capital group of companies ("AXIS Capital"). AMAL operates in line with local laws and regulations in delivering the strategy of its holding company, AXIS Capital Holdings Limited, to which it regularly reports matters that affect the group.

To ensure consistent standards, AXIS Capital applies group-wide policies across all of its subsidiaries and business operations. AMAL adopts these policies either directly or (where local laws and regulations need to be addressed) within its own board approved policies. The company does not have any employees and has no material external customers or suppliers other than the regulatory bodies with which it engages.

The AMAL Board is responsible for leading and directing AMAL and for ensuring that it meets its legal and regulatory requirements.

Its activities include:

- approving and overseeing implementation of AXIS Capital group's strategy for operating at Lloyd's;
- approving and monitoring performance against the business plans of AMAL's managed syndicates;
- approving AMAL's risk-management framework;
- approving and overseeing AMAL's governance;
- approving AMAL's policies; and
- compliance with the prescribed Lloyd's minimum standards

The AMAL directors are committed to the strategic vision and goals of its ultimate parent company. In supporting the AXIS group, AMAL directors work to create value ensuring a robust and effective governance and risk management framework is implemented and monitored on a regular basis. The board meets on a quarterly basis and additionally when required to review and approve business plans, monitor performance, address longer term strategic decisions and changes to the regulatory environment that it operates in. The board receives information from all key functions of the business allowing the directors to fully understand performance and ensure the implementation of group strategy.

The AMAL directors are fully engaged with its regulators, the Prudential Regulation Authority (PRA), Financial Conduct Authority (FCA) and Lloyd's to ensure the company operates within the prescribed standards. The directors keep abreast of changing regulatory requirements to ensure the company is fully compliant.

This report was approved by the Board of Directors on 7th May 2020 and signed on its behalf by:

**Mark Rowe**

Mark Rowe

Company Secretary

Date: 5 June 2020

**DIRECTORS' REPORT**

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

**GOING CONCERN**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Following the implementation of business continuity plans, COVID-19 has not materially impacted the ability of AMAL to operate as required.

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

**DIVIDENDS**

No dividend payment was proposed for the year (2018: nil).

**DIRECTORS AND THEIR INTERESTS**

Details of the directors of the Company that served during the year end up to the date of signing of the annual accounts are provided on page 2. 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.

Changes to the directors were as follows:

Adam Cragg	Resigned	22 March 2019
Kenneth Kwok	Resigned	25 March 2019
Geraldine Lawlor	Resigned	29 February 2020

No director had any interest in the share capital of the Company at any time during the year.

**DIRECTORS INDEMNITY**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

**AUDITOR AND THE DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as each person who was a director of the managing agent at the date of approving the report is aware, there is no relevant audit information, being information needed by the Syndicate auditors in connection with the auditor's report, of which the auditors are unaware. Each director has taken all the steps that he or she ought to have taken as a director to become aware of any relevant audit information and to establish that the Syndicate's 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.

**AUDITORS**

Deloitte LLP acted as the Company's auditors during the year under review. In accordance with 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 07 May 2020 and signed on its behalf by:



Tim Hennessy

Director

Date: 5 June 2020

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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The directors are responsible 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 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, subject to changes arising on the adoption of new accounting standards in the year
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements.

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 the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information published by the Company. *Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*



**Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of Axis Managing Agency Limited (the 'company'):

- 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, 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 profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

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.

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](http://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 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.

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 strategic report or 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
- 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, ACA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
5 June 2020

**AXIS MANAGING AGENCY LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

		Year Ended 31 December 2019 USD '000	Year Ended 31 December 2018 USD '000
	Notes		
<b>TURNOVER</b>	2	94,716	44,630
Investment income		<u>469</u>	<u>263</u>
<b>GROSS PROFIT</b>		<b>95,185</b>	<b>44,893</b>
Administrative expenses		(82,485)	(30,030)
Foreign exchange gains/ (losses)	4	<u>212</u>	<u>(335)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>12,912</b>	<b>14,528</b>
Taxation on profit on ordinary activities	5	<u>(2,332)</u>	<u>(2,760)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u><b>10,580</b></u>	<u><b>11,768</b></u>

There were no items of comprehensive income in the current or prior year other than the profit for the year and, accordingly, no statement of comprehensive income is presented.

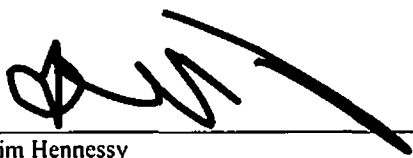
All of the results are derived from continuing operations. The accompanying notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	2019 USD '000	2018 USD '000
<b>ASSETS</b>			
<b>Other assets</b>			
Cash at bank		13,643	22,865
Other debtors	6	53,646	19,567
Tangible fixed assets	7	637	710
<b>TOTAL ASSETS</b>		<b>67,926</b>	<b>43,142</b>
<b>Capital and reserves</b>			
Called-up share capital	8	1,000	1,000
Capital Contribution	8	9,100	9,100
Profit and loss account		22,889	12,309
<b>TOTAL SHAREHOLDER'S FUNDS</b>		<b>32,989</b>	<b>22,409</b>
<b>Creditors</b>			
Other creditors including taxation	9	34,880	20,503
		<b>34,880</b>	<b>20,503</b>
Accruals		57	230
<b>TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS</b>		<b>67,926</b>	<b>43,142</b>

These financial statements were approved by the Board of Directors on 07 May 2020.

Signed on behalf of the Board of Directors

  
Tim Hennessy  
Finance Director

5 June 2020

AXIS Managing Agency Limited  
Registered No. 08702952

**AXIS MANAGING AGENCY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Share Capital USD '000	Capital Contribution USD '000	Profit and Loss USD '000	Total USD '000
As at 31 December 2017	1,000	9,100	541	10,641
Profit for the year	—	—	11,768	11,768
As at 31 December 2018	1,000	9,100	12,309	22,409
Profit for the year	—	—	10,580	10,580
As at 31 December 2019	1,000	9,100	22,889	32,989

## **1. ACCOUNTING POLICIES**

### **Basis of preparation**

The financial statements have been prepared on a going concern basis, 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.

The financial statements are presented in thousands of US Dollars (USD '000) unless otherwise stated.

### **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 strategic report. The principal activity of the company is to act as Managing Agent to Syndicate 1686, Syndicate 2007 and Syndicate 6129. COVID-19 is not expected to have a significant adverse long term impact on the Syndicates ability to operate.

Therefore, the Company's forecasts and projections show that there is no material uncertainty regarding the Company's ability to meet its liabilities as they fall due. Furthermore, following the implementation of business continuity plans, COVID-19 has not materially impacted the ability of AMAL to operate as required. 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.

### **Intra-Group funding**

The Company generates income through the charging of a managing agent fee of 0.75% of Syndicate 1686's capacity (2018: 0.5% of Syndicate 1686's capacity and 0.75% of Syndicates 2007 and 6129's capacity), together with the recharging of its costs and is therefore dependent on funding from other Group companies. Intercompany receivables and payables are settled in line with the underlying intercompany agreement and are disclosed within current assets and current liabilities respectively.

### **Administration expenses**

Administration expenses are recognised on an accruals basis.

### **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**

The functional and presentation currency of the Company is US Dollar (USD).

Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency 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. Non-monetary assets and liabilities denominated in foreign currencies have been recorded at historical rates. 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.

### **Critical accounting judgments and sources of estimation uncertainty**

In the application of accounting policies, judgments, estimates and assumptions are required regarding the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. There were no significant accounting judgements made during the year.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**AXIS MANAGING AGENCY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**2. TURNOVER**

Turnover represents a management fee of 0.75% of Syndicate 1686's capacity (2018: 0.5% of Syndicate 1686 and 0.75% of Syndicates 2007 and 6129's capacity, pro-rated across the period of management), together with the recovery from Syndicate 1686 of administrative expenses incurred by the Company on its behalf. All turnover originates in the United Kingdom.

	Year Ended 31 December 2019 USD '000	Year Ended 31 December 2018 USD '000
Lloyd's underwriting agency fees	12,474	14,905
Recharged expenses	82,242	29,725
	<u>94,716</u>	<u>44,630</u>

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The Company has no employees (2018: nil).

The executive directors are employees of related Group companies. The directors received total remuneration (including pension contributions) of USD 5.4m (2018: USD 6.0m) from related Group companies during the year. Six directors had vested restricted stock units and shares receivable under a long-term incentive scheme in 2019 (2018: 7 directors).

It is not practicable to allocate this between their services as executives of Group companies and their services as directors of the Company.

The aggregate remuneration (including pension contributions) of the highest paid director was USD 1.6m (2018: USD 2.0m). The highest paid director had vested restricted stock units in 2019 and 2018 and had shares receivable under a long-term incentive scheme in 2019 and 2018.

**4. OPERATING PROFIT**

	Year Ended 31 December 2019 USD '000	Year Ended 31 December 2018 USD '000
Operating profit is after charging:		
Foreign exchange gains/ (losses)	<u>212</u>	<u>(335)</u>

Auditor's remuneration for 2019 was USD 19,200 (2018: USD 20,100) and was borne by another Group Company.

**5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	Year Ended 31 December 2019 USD '000	Year Ended 31 December 2018 USD '000
Corporation tax: UK Tax	<u>2,332</u>	<u>2,760</u>

**AXIS MANAGING AGENCY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)**

The current tax charge for the year is as expected from applying the standard rate of UK corporation tax to the profit on ordinary activities before tax as outlined below:

	Year Ended 31 December 2019 USD '000	Year Ended 31 December 2018 USD '000
Profit on ordinary activities before tax	12,912	14,528
Profit on ordinary activities multiplied by the standard rate of UK corporation tax for non-trading income of 19% (2018 : 19%)	<u>2,332</u>	<u>2,760</u>

**6. OTHER DEBTORS**

	2019 USD '000	2018 USD '000
Amounts receivable within one year		
Amounts owed by Group undertakings	53,359	19,514
Other assets	<u>287</u>	<u>53</u>
	<u>53,646</u>	<u>19,567</u>

**7. TANGIBLE FIXED ASSETS**

Total tangible fixed assets relate to capitalised project costs that are work in progress as at 31 December 2019. The capitalised costs are driven by invoices and labor costs allocated to the Company. The project costs relate to the Syndicate and will be recharged to the Syndicate as they are expensed to the profit and loss account.

**8. CALLED UP SHARE CAPITAL AND CAPITAL CONTRIBUTION**

	2019 USD '000	2018 USD '000
<b>Authorised</b>		
Ordinary shares of USD 1 each	<u>1,000</u>	<u>1,000</u>
<b>Called up, allotted and fully paid</b>		
Ordinary shares of USD 1 each	<u>1,000</u>	<u>1,000</u>

On 7 January 2014, the Company received USD 0.1m from AXIS Specialty UK Holdings Limited (ASUKHL) in return for 100,000 ordinary shares at USD 1 each.

On 24 April 2017, the Company received USD 0.9m from ASUKHL in return for an additional 900,000 ordinary shares at USD 1 each, thus increasing the paid up share capital of USD 1.0m.

On the same date, the Company received a capital contribution of USD 9.1m from ASUKHL.



**AXIS MANAGING AGENCY LIMITED**  
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**9. OTHER CREDITORS INCLUDING TAXATION**

	2019	2018
	USD '000	USD '000
<i>Amounts falling due within one year</i>		
Amounts owed to Group undertakings	29,626	15,085
Taxes payable	5,249	2,905
Prepayments	5	2,513
	<u>34,880</u>	<u>20,503</u>

**10. FINANCIAL COMMITMENTS**

The Company had no operating lease commitments or other relevant financial commitments as at 31 December 2019 (2018: nil).

**11. POST BALANCE SHEET EVENTS**

The operating impact of the ongoing COVID-19 outbreak is an emerging and evolving risk to which the Company is exposed to as part of the AXIS Group. To date the Company has observed no material detrimental operational impact.

The COVID-19 pandemic was not an existing situation as at the balance sheet date and as such is determined to be a non-adjusting post balance sheet event.

**12. 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.

**13. ULTIMATE PARENT COMPANY**

The directors regard ACHL, a company incorporated in Bermuda, as the ultimate parent company. The smallest and largest Group into which the financial statements of AXIS Managing Agency Limited are consolidated is ACHL. Copies of the Group financial statements may be obtained from AXIS Capital, AXIS House, 92 Pitts Bay Road, Pembroke, HM08, Bermuda.