

ARCHITAS LIMITED
(formerly known as Sun Life SMC Limited)

Financial Statements

for the year ended 31 December 2016



Registered Office: 5 Old Broad Street, London EC2N 1AD

Architas Limited

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Architas Limited

Company information

Directors

C. G. Bobby
B. Poupart-Lafarge

Company Secretary

J. P. Small

Independent Auditor

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

Architas Limited

Strategic Report

The directors present their Strategic Report on Architas Limited ("the Company") for the year ended 31 December 2016.

REVIEW OF THE BUSINESS

On 21 October 2016 the sale of the Company's subsidiaries to the Life Company Consolidation Group, was completed.

Prior to the acquisition the Company acted as a UK holding company for the offshore companies, based in the Isle of Man, consisting of; AXA Isle of Man Limited, AXA Isle of Man Administration Limited, AXA Isle of Man Services Limited, AXA Isle of Man Insurance Management Limited and AXA Global Partnerships Limited. Following the sale of the Isle of Man companies in 2016, the Company has no current subsidiary holdings. However, a new strategy for the Company was agreed at the AXA UK Board in April 2017 and, subject to regulatory approval, the Company will become both the Holding company for the Architas companies in the UK and the service company for Architas.

Results and performance

The Company received dividends during the financial year from AXA Isle of Man Limited ("AXAIOM") amounting to £26.6 million (2015: £24.0 million), being 113.77 pence per share on the 23,380,000 shares in issue, held by the Company. The Company in turn paid an interim dividend of £26.6 million to parent, AXA UK plc.

Upon the sale of its subsidiaries the Company has recognised a gain of £142.3m, the settlement of which remains outstanding with the proceeds of the sale being received by the immediate parent AXA UK plc.

Strategy

The AXA UK strategy is based on several building blocks, used to further develop existing competitive advantage in order to achieve the goals within each business area. This has been mapped with the AXA Group global strategy, of being the preferred company for customers, employees and shareholders.

Key performance indicators ("KPI's")

The Board monitors the Company by reference to the profit and loss account, which discloses the profit for the current year after taxation at £159.4 million (2015: £25.6 million profit).

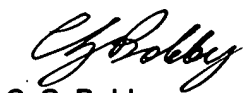
PRINCIPAL RISKS AND UNCERTAINTIES

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

FUTURE DEVELOPMENTS

A new strategy for the Company was agreed at the AXA UK Board in April 2017 and, subject to regulatory approval, the Company will become both the Holding company for the Architas companies in the UK and the service company for Architas.

Signed on behalf of the board by



C. G. Bobby
Director

9 May 2017

Architas Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2016.

FUTURE DEVELOPMENTS

Future developments are discussed in the Strategic Report.

DIVIDENDS

The Company paid an interim dividends of £26.6 million to AXA UK plc, £24.0m May 2016 and £2.6m July 2016. (2015: £24.0 million).

DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing of the financial statements are shown on page 1. The directors who have served for part of the year are given below:

C. G. Bobby was appointed as a director of the Company on 22 April 2016.

D. R. Cheeseman resigned as a director of the Company on 22 April 2016.

A. J. Purvis resigned as a director of the Company on the 22 April 2016.

Directors' qualifying third party and pension scheme indemnity provisions

The Company is party to a group-wide indemnity policy which benefits all of its current directors and is a Qualifying Third Party Indemnity Provision for the purpose of the Companies Act 2006.

The indemnification was in force during the year and at the date of signing.

GOING CONCERN

Detailed budgets, plans and forecasts have been prepared and reviewed setting out the continued financial position of the AXA Wealth business as a whole for the next 12 months and a strategic plan to 2020. As a consequence, the directors believe sufficient contingencies have been put in place that will enable the Company to manage its business risks.

Accordingly the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

BRANCHES OUTSIDE THE UK

The Company does not operate branches outside the UK.

RESEARCH AND DEVELOPMENT

There are no research and development projects underway.

POLITICAL DONATIONS

The Company made no donations for political purposes.

POST BALANCE SHEET EVENTS

In accordance with the new strategy, the Company changed its name to Architas Limited on 28 March 2017.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each director in office at the date of approval of this report confirms that:

- (a) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Architas Limited

Directors' report (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

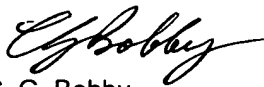
Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including FRS 102 "The Financial 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 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; and
- state whether applicable UK Accounting Standards have been followed, including FRS 102, 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, disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board by



C. G. Bobby
Director

9 May 2017

Architas Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ARCHITAS LIMITED

We have audited the financial statements of Architas Limited ("the Company") for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the Company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Architas Limited

Independent auditor's report (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

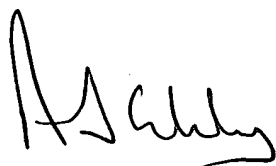
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Andrew Goldsworthy (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

9 May 2017

Architas Limited**Profit and loss account
for the year ended 31 December 2016**

	Note	2016 £	2015 £
Income from investments in group undertakings		26,600,000	24,000,000
(Loss)/gain on revaluation of investment in group undertakings	8	(9,444,242)	1,618,053
Profit on ordinary activities before taxation		17,155,758	25,618,053
Gain on sale of investments in group undertakings		142,272,561	-
Profit before taxation		159,428,319	25,618,053
Tax on ordinary activities	7	-	-
Profit for the financial year		159,428,319	25,618,053

The above amounts relate to discontinued operations following the sale of the underlying subsidiaries during the year, further details are provided in the Strategic Report and note 8.

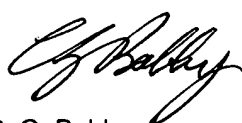
The Company had no recognised gains or losses during the year other than those recognised in the profit and loss account (2015: £nil). Therefore, the Company has elected not to present a Statement of comprehensive income for the period ending 31 December 2016.

The notes on pages 10 to 15 form an integral part of these financial statements.

Architas Limited**Balance Sheet
as at 31 December 2016**

	Note	2016 £	2015 £
Fixed assets			
Investments in group undertakings	8	-	50,228,854
Current assets			
Debtors	9	183,058,072	55,780
Creditors: amounts falling due within one year	10	(162)	(55,043)
Net current assets		183,057,910	737
Net assets		183,057,910	50,229,591
Capital and reserves			
Called up share capital	11	6,002	6,002
Profit and loss account	12	183,051,908	50,223,589
Total shareholders' funds		183,057,910	50,229,591

The financial statements on pages 7 to 15 were approved by the Board of Directors on 9 May 2017 and signed on its behalf by:



C. G. Bobby
Director

Architas Limited**Statement of Changes in Equity
for the year ended 31 December 2016**

	Called up share capital £	Profit and loss account £	Total £
Balance as at 1 January 2016	6,002	50,223,589	50,229,591
Profit for the year	-	159,428,319	159,428,319
Total comprehensive income for the year	-	159,428,319	159,428,319
Transactions with owners:			
Dividend paid on equity shares	-	(26,600,000)	(26,600,000)
Balance as at 31 December 2016	6,002	183,051,908	183,057,910

	Called up share capital £	Profit and loss account £	Total £
Balance as at 1 January 2015	6,002	48,605,536	48,611,538
Profit for the year	-	25,618,053	25,618,053
Total comprehensive income for the year	-	25,618,053	25,618,053
Transactions with owners:			
Dividend paid on equity shares	-	(24,000,000)	(24,000,000)
Balance as at 31 December 2015	6,002	50,223,589	50,229,591

The notes on pages 10 to 15 form an integral part of these financial statements.

Architas Limited

Notes to the financial statements as at 31 December 2016

General Information

For the period 1 January 2016 to 21 October 2016, Architas Limited ("the Company") acted as a holding company for AXA UK Group companies based in the Isle of Man. Post-sale the Company no longer holds any investments in subsidiaries. A new strategy for the Company was agreed at the AXA UK Board in April 2017 and, subject to regulatory approval, the Company will become both the Holding company for the Architas companies in the UK and the service company for Architas.

The Company is a private limited company, which is incorporated and domiciled in the United Kingdom ("UK"). The address of its registered office is 5 Old Broad Street, London, EC2N 1AD.

1. Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

2. Summary of significant 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 years presented, unless otherwise stated.

1. Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified for the revaluation of fixed asset investments and in accordance with the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires management to monitor and exercise judgment in the selection and application of appropriate accounting policies and in the use of accounting estimates. Management has determined that there are no policies that require significant judgement that could affect the financial statements.

As a qualifying entity, the Company has applied the following exemptions in the preparation of these financial statements, in accordance with FRS 102:

- (a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv).
- (b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- (c) The requirements of Section 11 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b), and 12.29A providing disclosures equivalent to those required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- (d) The requirement of Section 33 Related Party Disclosures paragraph 33.7.

The Company has taken advantage of section 400 of the Companies Act 2006 and has not produced consolidated financial statements on the basis that it is a subsidiary undertaking of AXA, which prepares consolidated financial statements and is established under the laws of an EEA State. These financial statements are separate financial statements.

Architas Limited

Notes to the financial statements (continued) as at 31 December 2016

2 Summary of significant accounting policies (continued)

II. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year, with the exception of the following:

Amendments to FRS 102 – Notification to shareholders

The amendments remove the requirement for a qualifying entity to notify its shareholders in writing that it intends to take advantage of the disclosure exemptions in FRS 102. The amendments are effective for periods beginning on or after 1 January 2016.

III. Income and expense recognition

Investment income is recognised on an accruals basis. Expenses incurred and interest payable in the management of investments are recognised on an accruals basis.

IV. Investments in group undertakings

The investments in group undertakings are valued at the underlying net asset value, as an equivalent to fair value, with movements recognised in other comprehensive income and accumulated in equity. If the revaluation results in an increase in the asset value, the increase is recognised in other comprehensive income, unless a prior year revaluation loss had been recognised in the profit and loss account, in this instance the gain is recorded in the profit and loss to the extent that it reverses the prior year loss.

A decrease in the asset's carrying value is recognised in other comprehensive income to the extent that it reverses a prior year gain. If the loss exceeds the accumulated revaluation gains, the difference is recorded within the profit and loss account.

V. Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts.

Architas Limited

Notes to the financial statements (continued) as at 31 December 2016

3. Management of financial risk

The Company is exposed to financial risk through its business operations affecting the financial assets and liabilities. The most important component of this risk for the Company is non-investment credit risk in respect of balances due.

The Company forms part of the AXA UK Group which has an established risk management framework on how each risk profile is identified, measured, monitored and controlled through Risk Committees advising the individual business unit Chief Executives.

A dedicated risk management function supports the individual business units by ensuring that a full understanding and control of risks is incorporated into management decision making and procedures.

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

Credit risk

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

4. Directors' emoluments

The directors are employed and paid by companies in the AXA Group and their directorships are held as part of that employment. No director has received any emoluments or other benefits from the Company or from any other company in the AXA Group in respect of qualifying services.

Mr. B. Poupart-Lafarge was also a director of the intermediate parent company, AXA UK plc, during the year and his emoluments, which relate to his services to the AXA group as a whole, are disclosed in the financial statements of that company.

Mr. C. G. Bobby was also a director of Thinc Holdings Limited during the year and his emoluments, which relate to his services to the AXA group as a whole, are disclosed in the financial statements of that company.

Mr. D. R. Cheeseman and Mr. A Purvis were also directors of Winterthur Financial Services Limited during the year and their emoluments, which relate to their services to the AXA group as a whole, are disclosed in the financial statements of that company.

Two directors exercised share options or employee sharesave options in AXA UK plc during the year (2015: Two).

5. Employee number and cost

The Company does not directly employ any staff (2015: none). All staff are employed by Winterthur Financial Services UK Limited ("WFS"). Staff costs are borne by WFS and disclosed in the accounts of that company.

6. Auditor's remuneration

Auditor's remuneration in respect of audit fees for 2016 of £3,000 (2015: £3,000) was borne by AXA UK plc, a fellow group company.

Architas Limited**Notes to the financial statements (continued)**
as at 31 December 2016**7. Tax on profit on ordinary activities**

	2016	2015
	£	£
Current tax:		
Adjustments in respect of prior periods	-	-
Tax charge/(credit) on profit on ordinary activities	-	-

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax is as follows:

	2016	2015
	£	£
Profit on ordinary activities before tax	17,155,758	25,618,053
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	3,431,152	5,187,656
Tax effect of expenses that are not deductible in determining taxable profit		
Tax effect of income not taxable in determining taxable profit	(3,431,152)	(5,187,656)
Tax charge/(credit) for the year	-	-

The standard rate of tax applied to reported profit on ordinary activities is 20.00 percent (2015 20.25 percent). During 2016 the deferred tax balances were re-measured as a result of the changes to the UK corporation tax rate that were enacted in Finance (No.2) Act 2015. The UK corporation tax rate will reduce from 20% to 19% with effect from 1 April 2017 and will be further reduced from 19% to 17% with effect from 1 April 2020. Deferred tax balances are valued at the future tax rate of 17%. The impact on the tax charge in 2016 was £nil.

All tax losses to date have been group relieved within the AXA Group.

8. Investments in group undertakings

	2016	2015
	£	£
At 1 January	50,228,854	48,610,801
Revaluation	(9,444,242)	1,618,053
Disposal on sale of investments	(40,784,612)	-
At 31 December	-	50,228,854

On 21 October 2016 the sale of the International wealth business of AXA UK to Life Company Consolidation Group, was completed. The sale included the Isle of Man based subsidiaries previously held by the Company; AXA Isle of Man Limited, AXA Isle of Man Services Limited, AXA Isle of Man Administration Limited, AXA Isle of Man Insurance Management Limited and AXA Global Partnerships Limited.

The cost of investments in subsidiary undertakings at 31 December 2016 was £nil (2015: £60.2m).

Architas Limited

Notes to the financial statements (continued) as at 31 December 2016

9. Debtors

	2016 £	2015 £
Amounts owed by immediate parent company	183,002,292	-
Amounts owed by fellow subsidiary undertakings	55,780	55,780
Total	183,058,072	55,780

Amounts owed by fellow subsidiary undertakings are non-interest bearing, repayable on demand and unsecured.

10. Creditors: amounts falling due within one year

	2016 £	2015 £
Amounts owed to immediate parent company	-	53,469
Amounts owed to fellow subsidiary undertaking	-	1,412
Other creditors including taxation	162	162
Total	162	55,043

Amounts owed to immediate and fellow subsidiary undertakings are non-interest bearing, repayable on demand and unsecured.

11. Called up share capital

	2016 £	2015 £
Allotted, called up and fully paid:		
6,002 Ordinary Shares of £1 each	6,002	6,002

12. Other reserves

	Profit and loss account £
Balance as at 1 January 2016	50,223,589
Profit for the financial year	159,428,319
Dividend paid on equity shares	(26,600,000)
Balance as at 31 December 2016	183,051,908

Reserve definitions:

Profit and loss account – represents cumulative profits and losses of the Company.

13. Related party transactions

The Company has taken advantage of the exemption granted under FRS 102 Section 33.1A to not disclose transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

14. Post balance sheet events

In accordance with the new strategy, the Company changed its name to Architas Limited on 28 March 2017.

Architas Limited

Notes to the financial statements (continued) as at 31 December 2016

15. Immediate and ultimate parent company

The Company's immediate parent is AXA UK plc, a company incorporated in Great Britain and registered in England and Wales.

In the opinion of the directors, the Company's ultimate parent and controlling company is AXA, a company incorporated in France. The parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared is AXA. Copies of the AXA group financial statements can be obtained from 25, avenue Matignon, 75008 Paris, France.