

ARCHITAS LIMITED

Annual Financial Report

for the year ended 31 December 2017



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

Architas Limited

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Architas Limited

Company information

Directors

M. F. M. Andre
L. Clamagirand
H. I. Georgeson
P. F. Hazell
B. Poupart-Lafarge
A. J. Purvis

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 2017.

REVIEW OF THE BUSINESS

A new strategy for the Company was agreed at the AXA UK Board in April 2017, with the Company becoming both the holding company for the Architas companies in the UK and the service company for Architas.

In accordance with a new strategy, the Company changed its name from Sun Life SMC Limited to Architas Limited, on 28 March 2017.

Results and performance

The operating loss before tax for the year was £38,516 (2016: £nil). This is the first operating result of the company after commencing operations as a service company during the year.

The Company received dividends during the financial year from subsidiary undertaking Architas Multi-Manger Limited of £15,000,000 (2016: £26,600,000). The 2016 dividend was received from former subsidiary undertaking AXA Isle of Man Limited.

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 Ambition 2020, the AXA Group global strategy of becoming the most trusted insurance partner to businesses, individuals and communities in the UK by 2020.

Key performance indicators ("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 £14,883,344 (2016: £159,428,319 profit).

Transition to FRS 101

This is the first year that the Company has presented its results under FRS 101 *Reduced Disclosure Framework*, with the date of transition being 1 January 2016. The Company has taken advantage of the disclosure exemptions permitted by this standard, as detailed in the basis of preparation on page 12. The principal effects of the adoption of FRS 101 are provided in note 14.

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.

Architas Limited

Strategic Report (continued)

FUTURE DEVELOPMENTS

Continue to act as a holding company for the Architas companies in the UK and the service company for Architas.

Signed on behalf of the board by

A handwritten signature in black ink, appearing to be 'H. I. Georgeson', written over the printed name and date.

H. I. Georgeson
Director

6 September 2018

Architas Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2017.

FUTURE DEVELOPMENTS

Future developments are discussed in the Strategic Report.

DIVIDENDS

The Company paid an interim dividend of £150,000,000 to AXA UK plc in May 2017 (2016: £26,600,000).

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 served for part of the year and up to the date of signing, are given below:

M. F. M. Andre was appointed as a director of the Company on 21 February 2018.
 C. G. Bobby resigned as a director of the Company on 21 February 2018.
 L. Clamagirand was appointed as a director of the Company on 21 February 2018.
 H. I. Georgeson was appointed as a director of the Company on 21 February 2018.
 P. F. Hazell was appointed as a director of the Company on 21 February 2018.
 A. J. Purvis was appointed as a director of the Company on 21 February 2018.

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 Architas 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.

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 Financial Reporting Standard 101 *Reduced Disclosure Framework*.

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 United Kingdom Accounting Standards, including FRS 101, 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 appropriate to presume that the Company will continue in business; and
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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



H. I. Georgeson
Director

6 September 2018

Architas Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHITAS LIMITED

Opinion

We have audited the financial statements of Architas Limited (the "Company") for the year ended 31 December 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report and accounts, other than the financial statements and our auditors' 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.

Architas Limited

Independent auditor's report (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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities set out on page 5, 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.

Architas Limited

Independent auditor's report (continued)

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

Use of the audit report

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



Steve Liddell (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

10 September 2018

Architas Limited**Profit and loss account
for the year ended 31 December 2017**

	Note	2017 £	2016 £
Turnover		22,054,511	-
Administrative expenses		(22,054,511)	-
Other operating expenses		(38,516)	-
Operating loss		(38,516)	-
Income from investments in group undertakings		15,000,000	26,600,000
Gain/(loss) on revaluation of investment in group undertakings	6	-	(9,444,242)
Profit on ordinary activities before taxation		14,961,484	17,155,758
Gain on sale of investments in group undertakings		-	142,272,561
Profit before taxation		14,961,484	159,428,319
Tax on ordinary activities	5	(78,140)	-
Profit for the financial year		14,883,344	159,428,319

The above prior year amounts relate to discontinued operations following the sale of the underlying subsidiaries during the year. The current year amounts are in respect of continuing operations.

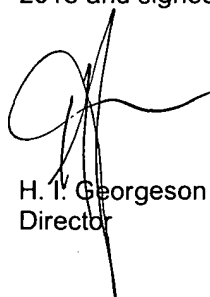
The Company had no recognised gains or losses during the year other than those recognised in the profit and loss account (2016: £nil). Therefore, the Company has elected not to present a Statement of comprehensive income for the period ending 31 December 2017.

The notes on pages 12 to 19 form an integral part of these financial statements.

Architas Limited**Balance Sheet
as at 31 December 2017**

	Note	2017 £	2016 £
Fixed assets			
Investments in group undertakings	6	29,601,000	-
Current assets			
Debtors	7	9,150,086	183,058,072
Cash at bank and in hand		24,676,691	-
Deferred taxation	8	804,249	-
		34,631,026	183,058,072
Creditors: amounts falling due within one year	9	(15,298,522)	(162)
Net current assets		19,332,504	183,057,910
Provision for liabilities		(158,000)	-
Net assets		48,775,504	183,057,910
Capital and reserves			
Called up share capital	11	6,002	6,002
Profit and loss account	12	48,769,502	183,051,908
Total shareholders' funds		48,775,504	183,057,910

The financial statements on pages 9 to 19 were approved by the Board of Directors on 6 September 2018 and signed on its behalf by:



H. I. Georgeson
Director

Architas Limited**Statement of Changes in Equity
for the year ended 31 December 2017**

	Called up share capital £	Profit and loss account £	Total £
Balance as at 1 January 2017	6,002	183,051,908	183,057,910
Profit for the year	-	14,883,344	14,883,344
Total comprehensive income for the year	-	14,883,344	14,883,344
Transactions with owners:			
Share based payments	-	766,000	766,000
Tax impact on share based payments	-	68,250	68,250
Dividend paid on equity shares	-	(150,000,000)	(150,000,000)
Balance as at 31 December 2017	6,002	48,769,502	48,775,504

	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

The notes on pages 12 to 19 form an integral part of these financial statements.

Architas Limited

Notes to the financial statements as at 31 December 2017

General Information

A new strategy for the Company was agreed at the AXA UK Board in April 2017, with the Company becoming both the holding company for the Architas companies in the UK and the service company for Architas.

The Company is a private limited company limited by shares, 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. Principal 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.

I. Basis of preparation

The financial statements of the Company have been prepared in accordance Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

This is the Company's first set of full year results prepared in accordance with FRS 101 accounting policies and its previously reported 2016 financial statements have accordingly been restated to comply with FRS 101, with the date of transition to FRS 101 being 1 January 2016. The principal effects of the adoption of FRS 101 are provided within note 14 on first time adoption.

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.

The preparation of financial statements in compliance with FRS 101 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.

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

- (a) The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- (b) IFRS 7 'Financial Instruments Disclosures'.
- (c) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1 'a reconciliation of share capital';
- (d) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, and 111 of IAS 1 Presentation of Financial Statements.
- (e) The requirements of IAS 7 Statement of Cash Flows.
- (f) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- (g) The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- (h) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (i) The requirements of paragraph 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135 (c) to 135 (e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Architas Limited

Notes to the financial statements (continued) as at 31 December 2017

1. Principal accounting policies (continued)

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 SA, which prepares consolidated financial statements and is established under the laws of an EEA State. These financial statements are separate financial statements.

II. Turnover

Turnover represents management recharges receivable from fellow subsidiary undertakings within the Architas group. All turnover is earned in the United Kingdom. Turnover is accrued up to the balance sheet date.

Administration expenses are accounted for on an accruals basis.

III. Investments in group undertakings

Investments in group undertakings are stated at cost, unless their value has been impaired, in which case they are valued at their recoverable amount, being the higher of fair value less costs of disposal and value in use. The investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The reviews use discounted cash flow projections under different scenarios.

IV. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying value amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and there is an intention to settle the balances on a net basis.

Architas Limited**Notes to the financial statements (continued)**
as at 31 December 2017**1. Principal accounting policies (continued)****IV. Taxation (continued)****Current and deferred tax for the year**

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2. 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 immediate 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 SBJ Group Limited during the year and his emoluments, which relate to his services to the AXA group as a whole, are disclosed in the financial statements of that company.

No director exercised share options or employee sharesave options in AXA UK plc during the year (2016: Two).

3. Employee number and cost

The average number of persons employed by the Company (including directors) during the year was:

	2017 Number	2016 Number
By activity:		
Administration	102	-
Sales	54	-
Total number of employees	156	-

The aggregate payroll costs of these persons were:

	2017 £	2016 £
Wages and salaries	8,196,020	-
Social Security Costs	1,615,972	-
Other pension costs	1,095,440	-
Total	10,907,432	-

4. Auditor's remuneration

Auditor's remuneration in respect of audit fees for 2017 of £10,600 (2016: £2,500) was borne by AXA UK, a fellow group company.

Architas Limited**Notes to the financial statements (continued)**
as at 31 December 2017**5. Tax on profit on ordinary activities**

	2017 £	2016 £
Current tax:		
Current tax on profit for the year	700,991	-
Total current tax	700,991	-
Deferred tax (note 8)	(622,851)	-
Total tax expense	78,140	-

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:

	2017 £	2016 £
Profit on ordinary activities before exceptional items and tax	14,961,484	17,155,758
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	2,879,573	3,431,152
Tax effect of expenses that are not deductible in determining taxable profit	53,886	-
Tax effect of income not taxable in determining taxable profit	(2,886,986)	(3,431,152)
Impact of rate change	31,667	-
Tax charge for the year	78,140	-

The standard rate of tax applied to the reported profit on ordinary activities is 19.25% (2016: 20.00%). During 2017 the deferred tax balances were re-measured as a result of the changes to the UK corporation tax rate that were enacted in Finance Act (No 2) Act 2016. The UK corporation tax rate reduced 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. The impact on the tax charge was £31,667 (2016: £nil).

Amounts recognised directly in equity	2017 £	2016 £
Aggregate deferred tax arising in the current and prior reporting periods and not recognised in net profit or other comprehensive income but directly debited or credited to equity		
Deferred tax on share based payments	(68,250)	-
Total income tax recognised in equity	(68,250)	-

6. Investments in group undertakings

	2017 £	2016 £
At 1 January	-	50,228,854
Additions	29,601,000	-
Revaluation	-	(9,444,242)
Disposal on sale of investments	-	(40,784,612)
At 31 December	29,601,000	-

On 7 July 2017, the company purchased the entire share capital of Architas Multi-Manager Limited and Architas Advisory Services Limited from AXA UK plc, for £28,600,000 and £1,001,000, respectively.

Architas Limited**Notes to the financial statements (continued)**
as at 31 December 2017**7. Debtors**

	2017 £	2016 £
Amounts owed by immediate parent company	3,401,292	183,002,292
Amounts owed by fellow subsidiary undertakings	5,718,912	55,780
Other debtors and prepayments	29,882	-
Total	9,150,086	183,058,072

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

8. Deferred tax

The movement on the deferred tax assets and liabilities is as follows:

	Other timing differences £	Share based payments £	Total £
Balance as at 1 January 2017	-	-	-
Credited to the profit and loss account	615,890	38,628	654,518
Credited directly to equity	-	68,250	68,250
Transfer in of deferred tax asset from Winterthur Financial Services Limited	-	113,148	113,148
Effect of change in tax rate:			
Profit and loss account	(22,766)	(8,901)	(31,667)
Balance as at 31 December 2017	593,124	211,125	804,249

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2017 £	2016 £
Deferred tax liabilities	-	-
Deferred tax assets	804,249	-
Total deferred tax	804,249	-

9. Creditors: amounts falling due within one year

	2017 £	2016 £
Amounts owed to group undertakings – group relief	701,153	162
Amounts owed to group undertakings – other amounts	2,123,213	-
Other creditors including taxation	3,598,597	-
Accruals and deferred income	8,875,559	-
Total	15,298,522	162

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

Architas Limited

Notes to the financial statements (continued) as at 31 December 2017

10. Retirement benefit obligations

AXA UK Pension Scheme

Staff engaged in the Company's activities are members of the AXA UK Pension Scheme which embraces a number of companies in the AXA UK Group. The Scheme has both defined benefit and defined contribution sections but the Company is unable to accurately identify its share of the underlying assets and liabilities of the defined benefit section. There is no contractual agreement or stated policy for charging the net defined benefit cost to the Company, as such the Company has recognised within the financial statements a cost equal to its contribution for the period. On 31 August 2013 the AXA UK Pension Scheme closed to both new members and future accrual and all remaining active members moved to deferred status.

Responsibility for the governance of the plan, including investment decisions, contribution schedules and scheme administration, lies with a single trustee board consisting of company appointed directors and member nominated directors. Additionally, the Law Debenture Pension Trust Corporation is a director, acting on behalf of the Trustee board with Special Director status.

The AXA UK Group made additional contributions totalling £243m (2016: £119m) to the Scheme, in accordance with the ten year plan to reduce the funding deficit and to ensure that the Statutory Funding Objective is met. The appropriate level of contributions to be paid under the funding deficit recovery plan are based on the actuarial valuation performed every three years, however, these may change more frequently if significant events occur in the year. The expected contributions to be paid for the next annual reporting period under the recovery plan is £66m. The assumptions adopted for the triennial actuarial valuations are determined by the trustees and agreed with AXA UK and are normally more prudent than the assumptions adopted for IAS 19 purposes, which are on a best estimate basis.

An internal review by AXA UK of the defined benefit scheme revealed an IAS 19 surplus of £152m as at 31 December 2017 (£321m deficit as at 31 December 2016) before taking account of any tax relief and after reflecting the investment in SLP. This represents a snapshot of the present cost of meeting pension obligations that will crystallise over a period of many years. The Scheme invests in a wide range of assets, including equities, which over the long term, are expected by the Directors to meet the liabilities of the scheme.

The total pension cost which has been charged to the Profit and Loss Account of the Company is £1.1m (2016: £nil). There were no outstanding contributions as at 31 December 2017 (2016: £nil).

The principal assumptions used by the actuaries were:

	2017	2016
Discount rate	2.5%	2.7%
Future pension increases	3.0%	3.3%
Inflation assumption for deferred members (CPI)	2.2%	2.3%

The discount and inflation rates disclosed within the above table represent single equivalent rates based on the cashflow profile of the scheme. The 2017 and 2016 valuations have been calculated on a full yield curve rather than a single rate, as this methodology provides a more accurate approach that is better aligned with a general move in the market to use a market consistent approach in valuing the liabilities.

Architas Limited**Notes to the financial statements (continued)**
as at 31 December 2017**10. Retirement benefit obligations (continued)**

Changes in the present value of the defined benefit obligation are as follows:

	2017	2016
	£m	£m
Present value of obligation as at 1 January	5,496	4,520
Remeasurements:		
Service cost	5	5
Interest cost	124	147
Actuarial losses - financial assumptions	52	1,131
Actuarial gains - demographic assumptions	(97)	(98)
Benefits paid	(245)	(209)
Present value of obligation as at 31 December	5,335	5,496

Changes in the fair value of plan assets are as follows:

	2017	2016
	£m	£m
Fair value of plan assets as at 1 January	5,175	4,139
Remeasurements:		
Expected return on plan assets	120	136
Benefits paid	(245)	(209)
Actuarial gains/(losses)	189	984
Employer contributions paid by AXA UK plc	188	40
Employer contributions paid by other participating entities	42	67
Asset backed contribution	18	18
Fair value of plan assets as at 31 December	5,487	5,175

Analysis of assets by category:

	2017	2016
	£m	£m
Equities	39	55
Debt securities	2,794	2,287
Government	2,240	1,661
Corporate	554	626
Property funds	348	334
Other assets	1,976	2,169
Derivatives	393	339
Cash	63	22
Investment funds	1,520	1,808
Investment in limited partnership	320	326
Longevity hedge	10	4
Fair value of plan assets as at 31 December	5,487	5,175

11. Called up share capital

	2017	2016
	£	£
Allotted, called up and fully paid:		
6,002 Ordinary Shares of £1 each	6,002	6,002

Architas Limited**Notes to the financial statements (continued)
as at 31 December 2017****12. Other reserves**

	Profit and loss account £
Balance as at 1 January 2017	183,051,908
Balance as at 31 December 2017	48,769,502

The analysis of the movement in reserves is detailed within the Statement of Changes in Equity on page 11.

13. 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.

The Company's ultimate parent and controlling company is AXA SA, 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 SA. Copies of the AXA SA group financial statements can be obtained from 25, avenue Matignon, 75008 Paris, France.

14. Transition to FRS 101

The Company has adopted FRS 101 for these financial statements for the year ended 31 December 2017. Previously, the financial statements were prepared in accordance with FRS 102. In order to show comparative balances, the year ended 31 December 2015 has also been prepared in accordance with FRS 101. The date of transition to FRS 101 is 1 January 2016. There are no material adjustments on the transition.