

Registration number: 02638607

Architas Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2018

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Architas Limited

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Architas Limited

Company Information

Directors	H. I. Georgeson P. F. Hazell B. Poupart-Lafarge A. J. Purvis P. Christory C. Mugnier
Company secretary	J. P. Small
Registered office	5 Old Broad Street London EC2N 1AD
Auditors	Mazars LLP Chartered Accountants and Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

Architas Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report on Architas Limited ("the Company") for the year ended 31 December 2018.

Principal activity

The principal activity of the company is that of a Holding company for the Architas group of companies in the UK, Europe and Asia, as well as the service company for the Architas UK entities. Costs incurred by the Company in discharging its function as a service company are recoverable from the Architas UK companies. It is the main employing company of the Architas UK companies.

Fair review of the business

On 31 October 2018 the AXA UK board approved the sale of the Company and its subsidiaries to AXA SA for a consideration of £68m.

The operating profit before tax for the year was £18,000,000 (2017: £14,962,000).

The Company received dividends during the financial year from subsidiary undertaking Architas Multi-Manager Limited of £18,000,000 (2017: £15,000,000).

Strategy

The Architas 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 company's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Profit for the current year after tax	£	18,287,076	14,883,343

Principal risks and uncertainties

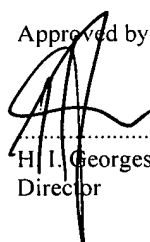
The Architas group has established a group-wide process for risk acceptance and risk management, which is addressed through a framework of policies, procedures and internal controls. All policies are subject to ongoing review by management, risk management and group internal audit. Compliance with regulation, 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.

Brexit

The implications to the Company of the United Kingdom's departure from the European Union have been considered, specifically the effects this could have on estimations and judgements made in the preparation of the financial statements. Whilst this assessment is ongoing with management carefully monitoring the latest events, as described above the Company has in place robust and effective capital and risk management processes, and the risks arising from Brexit are being managed alongside a range of risks inherent to its business.

Approved by the Board on 12 April 2019 and signed on its behalf by:


.....
H. I. Georgeson
Director

Architas Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Future developments

In the foreseeable future, the Company plans to acquire additional Architas entities in both Europe and Asia.

Directors' of the company

The directors, who held office during the year, were as follows:

M. F. M. Andre (appointed 21 February 2018 and resigned 31 January 2019)
L. Clamagirand (appointed 21 February 2018 and resigned 28 December 2018)
H. I. Georgeson (appointed 21 February 2018)
P. F. Hazell - Chairman (appointed 21 February 2018)
B. Poupert-Lafarge
A. J. Purvis (appointed 21 February 2018)
C. G. Bobby (resigned 21 February 2018)

The following directors were appointed after the year end:

P. Christory (appointed 28 February 2019)
C. Mugnier (appointed 28 February 2019)

Dividends

The Company paid an interim dividend of £36,400,000 to AXA UK plc in 2018 (2017: £150,000,000).

Political donations

The Company made no donations for political purposes.

Research and development

There are no research and development projects underway.

Branches outside the United Kingdom

The Company does not operate branches outside the UK.

Going concern

Detailed budgets, plans and forecasts have been prepared and reviewed setting out the financial position of the AXA Architas business for the next 12 months and a strategic plan to 2020. As a consequence, it is believed that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Important non adjusting events after the financial period

On the 21 March 2019 the Company acquired the entire issued share capital of Architas Multi-Manager Europe Limited from AXA SA, for a consideration of €24.4m.

Directors' liabilities

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 approval of the financial statements.

Disclosure of information to the auditors

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Architas Limited

Directors' Report for the Year Ended 31 December 2018 (continued)

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

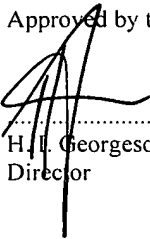
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' (FRS 101).

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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Approved by the Board on 12 April 2019 and signed on its behalf by:



.....
H.L. Georgeson
Director

Architas Limited

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 2018, which comprise the Profit and Loss Account, Balance Sheet, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 2. The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

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 annual financial 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.

Architas Limited

Independent Auditor's Report to the Members of Architas Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 and 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 4, 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Architas Limited

Independent Auditor's Report to the Members of Architas Limited (continued)

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, Statutory Auditor

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

12 April 2019

Architas Limited

Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Turnover		41,648	22,055
Administrative expenses		<u>(41,648)</u>	<u>(22,055)</u>
Operating profit/(loss)		<u>-</u>	<u>-</u>
Income from shares in group undertakings		18,000	15,000
Interest payable and similar charges	3	<u>-</u>	<u>(38)</u>
		<u>18,000</u>	<u>14,962</u>
Profit before tax		18,000	14,962
Tax on profit on ordinary activities	7	<u>287</u>	<u>(79)</u>
Profit for the year		<u><u>18,287</u></u>	<u><u>14,883</u></u>

All of the above 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 (2017: £nil). Therefore, the Company has elected not to present a Statement of Comprehensive Income for the period ending 31 December 2018.

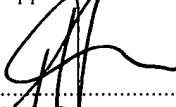
The notes on pages 11 to 20 form an integral part of these financial statements.

Architas Limited

(Registration number: 02638607)
Balance Sheet as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Investments	8	29,601	29,601
Current assets			
Debtors	9	17,956	9,954
Cash at bank and in hand		<u>11,379</u>	<u>24,677</u>
		29,335	34,631
Creditors: Amounts falling due within one year	13	<u>(27,964)</u>	<u>(15,299)</u>
Net current assets		<u>1,371</u>	<u>19,332</u>
Total assets less current liabilities		30,972	48,933
Provisions for liabilities		<u>(169)</u>	<u>(158)</u>
Net assets		<u>30,803</u>	<u>48,775</u>
Capital and reserves			
Called up share capital	10	6	6
Other reserves	11	975	834
Profit and loss account	11	<u>29,822</u>	<u>47,935</u>
Shareholders' funds		<u>30,803</u>	<u>48,775</u>

Approved and authorised for issue by the Board on 12 April 2019 and signed on its behalf by:


.....
H. J. Georgeson
Director

The notes on pages 11 to 20 form an integral part of these financial statements.

Architas Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	6	834	47,935	48,775
Profit for the year	-	-	18,287	18,287
Total comprehensive income	-	-	18,287	18,287
Dividends	-	-	(36,400)	(36,400)
Share based payment transactions	-	141	-	141
At 31 December 2018	6	975	29,822	30,803

The dividend of £36.4m paid in 2018, relates to 2017 dividends paid late of £15m plus 2018 dividends of £21.4m.

	Share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	6	-	183,052	183,058
Profit for the year	-	-	14,883	14,883
Total comprehensive income	-	-	14,883	14,883
Dividends	-	-	(150,000)	(150,000)
Share based payment transactions	-	834	-	834
At 31 December 2017	6	834	47,935	48,775

The notes on pages 11 to 20 form an integral part of these financial statements.

Architas Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The Company acts as the Holding company for the Architas companies in the UK, Europe and Asia, as well as the service company for the Architas UK companies. Costs incurred by the Company in discharging its function as a service company are recoverable from the Architas UK companies. It is the main employing company of the Architas UK companies.

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
UK

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

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) The requirements of IFRS 7 Financial Instruments Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- (c) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with customers.
- (d) 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';
- (e) 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.
- (f) The requirements of IAS 7 Statement of Cash Flows.
- (g) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- (h) The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures.
- (i) 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.
- (j) 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 for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Exemption from preparing group accounts

The financial statements contain information about Architas Limited as an individual company and do not contain consolidated financial information as the parent of a group.

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.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2018 have had a material effect on the financial statements.

Revenue recognition

Recognition

The company earns revenue from the provision of services relating to a group service company. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Performance obligations

The main performance obligations in contracts consist of services to group companies, representing the provision of staff and property management. For contracts completed over time, the stage of completion and delivery of performance obligations are measured at the balance sheet date in reference to the proportion of the service provided on a time elapsed basis. Performance obligations satisfied at a point in time are measured based on the delivery of the service promised.

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.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income. 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.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Architas Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

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.

3 Interest payable and similar charges

	2018 £ 000	2017 £ 000
Foreign exchange (gains) / losses	-	38

4 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	18,921	8,195
Social security costs	2,411	1,616
Pension costs, defined benefit scheme	1,901	1,096
Redundancy costs	411	-
	<u>23,644</u>	<u>10,907</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Administration and support	116	102
Sales	51	54
	<u>167</u>	<u>156</u>

Architas Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

5 Directors' remuneration

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. P. F. Hazell and Mr. B. Poupart-Lafarge were also directors of AXA UK plc, 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.

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.

Mr. H. I. Georgeson and Mr. A. J. Purvis were also directors of Architas Multi-Manager 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.

One director exercised share options or employee sharesave options during the year (2017: None).

6 Auditors' remuneration

	2018 £ 000	2017 £ 000
Fees payable for the audit of the Company accounts	<u>11</u>	<u>11</u>

7 Income tax

Tax charged/(credited) in the profit and loss account

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	108	701
UK corporation tax adjustment to prior periods	<u>(876)</u>	<u>-</u>
	<u>(768)</u>	<u>701</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(91)	(622)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>572</u>	<u>-</u>
Total deferred taxation	<u>481</u>	<u>(622)</u>
Tax (receipt)/expense in the profit and loss account	<u>(287)</u>	<u>79</u>

Architas Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

7 Income tax (continued)

The tax on profit before tax for the year differs from (2017 - differs from) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018	2017
	£ 000	£ 000
Profit before tax	<u>18,000</u>	<u>14,962</u>
Corporation tax at standard rate	3,420	2,880
Increase (decrease) in current tax from adjustment for prior periods	(303)	-
Increase (decrease) from effect of different UK tax rates on some earnings	21	32
Increase (decrease) from effect of revenues exempt from taxation	(3,438)	(2,887)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	<u>13</u>	<u>54</u>
Total tax (credit)/charge	<u>(287)</u>	<u>79</u>

The standard rate of tax applied to the reported profit on ordinary activities is 19.00% (2017: 19.25%). Changes to the UK Corporation tax rate were enacted in the Finance Act 2016, reducing the main rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. The impact on the tax (credit)/charge was £20,957 (2017: £31,667).

Deferred tax

Deferred tax assets and liabilities

	Asset
	£ 000
2018	
Share-based payment	322
Accruals	<u>431</u>
	<u>753</u>
2017	
Share-based payment	211
Accruals	<u>593</u>
	<u>804</u>

Architas Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

7 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2018 £ 000	Recognised in income £ 000	Prior year transfer from WFS £ 000	Recognised in equity £ 000	At 31 December 2018 £ 000
Share-based payment	211	144	-	(33)	322
Accruals	593	(625)	463	-	431
	<u>804</u>	<u>(481)</u>	<u>463</u>	<u>(33)</u>	<u>753</u>
Net tax assets/(liabilities)					

Deferred tax movement during the prior year:

	At 1 January 2017 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2017 £ 000
Share-based payment	-	143	68	211
Accruals	-	593	-	593
	<u>-</u>	<u>736</u>	<u>68</u>	<u>804</u>
Net tax assets/(liabilities)				

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so.

8 Investments in group undertakings

Subsidiaries	£ 000
Cost or valuation	
Additions	<u>29,601</u>
At 31 December 2017	<u>29,601</u>
At 1 January 2018	<u>29,601</u>
At 31 December 2018	<u>29,601</u>
Carrying amount	
At 31 December 2018	<u>29,601</u>

Architas Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

8 Investments in group undertakings (continued)

Details of the subsidiaries as at 31 December 2018 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2018	2017
Architas Multi-Manager Limited*	Investment management services	5 Old Broad Street London EC2N 1AD United Kingdom	Ordinary shares	100%	100%
Architas Advisory Services Limited*	Investment management and investment advisory services	5 Old Broad Street London EC2N 1AD United Kingdom	Ordinary shares	100%	100%

* indicates direct investment of the Company.

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. It was from this point that the Company obtained 100% ownership interest and voting rights.

9 Trade and other debtors

	2018 £ 000	2017 £ 000
Debtors from related parties	17,187	9,120
Other debtors	16	30
Deferred tax assets	753	804
	<u>17,956</u>	<u>9,954</u>
Less non-current portion	<u>(753)</u>	<u>(804)</u>
Total current trade and other debtors	<u>17,203</u>	<u>9,150</u>

Amounts from related parties are non-interest bearing, repayable on demand and unsecured.

10 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Allotted, called up and fully paid of £1 each	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

Architas Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Reserves

Profit and loss account

Represents the accumulated profit and losses of the Company.

Other reserve

Represents the carrying value of share-based payments.

12 Pension and other schemes

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 £66m (2017: £243m) to the Scheme, in accordance with the ten year plan to reduce the funding deficit that was effective for the 2017 year end, to ensure that the Statutory Funding Objective was met. The 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. Since 2017 year end, the 2018 triennial actuarial valuation was carried out and it was agreed between the Trustee and AXA UK that over the next annual reporting period the contributions to be paid will be nil. The assumptions adopted for the triennial actuarial valuations are determined by the Trustee 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 £293m as at 31 December 2018 (£152m surplus as at 31 December 2017). 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 £1.9m (2017: £1.1). There were no outstanding contributions as at 31 December 2018 (2017: £nil).

Architas Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

12 Pension and other schemes (continued)

Scheme assets

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

	2018	2017
	£ 000	£ 000
Fair value at start of year	5,486,610	5,175,080
Return on plan assets, excluding amounts included in interest income/(expense)	115,772	120,121
Actuarial gains and losses arising from changes in financial assumptions	(110,684)	188,568
Employer contributions	12,402	188,314
Contributions by scheme participants	41,541	41,541
Benefits paid	(215,964)	(245,058)
Assets acquired in business combinations	18,588	18,044
Fair value at end of year	<u>5,348,265</u>	<u>5,486,610</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2018	2017
	£ 000	£ 000
Cash and cash equivalents	141,845	62,516
Equity instruments	14,269	38,750
Debt instruments	2,915,238	2,794,102
Real estate	359,103	348,230
Derivatives	(32,483)	402,995
Investment funds	1,557,167	1,520,017
Asset-backed securities	311,000	320,000
Structured debt	82,126	-
	<u>5,348,265</u>	<u>5,486,610</u>

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2018	2017
	£ 000	£ 000
Present value at start of year	5,334,636	5,495,569
Current service cost	5,986	4,898
Actuarial gains and losses arising from changes in demographic assumptions	343	(96,607)
Actuarial gains and losses arising from changes in financial assumptions	(186,016)	(72,407)
Actuarial gains and losses arising from experience adjustments	4,452	124,005
Interest cost	111,983	124,236
Benefits paid	(215,964)	(245,058)
Present value at end of year	<u>5,055,420</u>	<u>5,334,636</u>

Architas Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

13 Trade and other creditors

	2018	2017
	£ 000	£ 000
Amounts due to related parties	14,250	2,824
Other creditors	1,335	3,599
Accrued expenses	12,379	8,876
	<u>27,964</u>	<u>15,299</u>

Amounts due to related parties are non-interest bearing, repayable on demand and unsecured.

14 Parent and ultimate parent undertaking

The Company's immediate parent is AXA SA.

The most senior parent entity producing publicly available financial statements is AXA SA. These financial statements are available upon request from 25, avenue Matignon, 75008 Paris, France

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is AXA SA, incorporated in France.

The address of AXA SA is:

25, avenue Matignon, 75008 Paris, France