

Financial Insurance Group Services Limited

Report and Financial Statements
for the year ended 31 December 2015

Registered No. 1670707



TABLE OF CONTENTS:

Corporate Information	1
Directors' Report	2
Strategic Report	3
Statement of Directors' Responsibilities	6
Report of the Independent Auditors	7
Income Statement	8
Statement of Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Financial Position	11
Notes to the Financial Statement	12

Corporate Information

DIRECTORS

J. Rember
J. S. Whiteus
C. Vitrac (appointed 27 April 2016)

SECRETARY

K. M. Pulley

REGISTERED OFFICE

Building 6
Chiswick Park
566 Chiswick High Road
London
W4 5HR

AUDITORS

KPMG LLP
15 Canada Square
London
E14 5GL

Directors' Report

The Directors are pleased to present their report for the year ended 31 December 2015.

Dividends

No dividends were paid during the year ended 31 December 2015 (2014: £7,500,000).

Directors

The directors are shown on page 1. The directors of the Company during the year ended 31 December 2015 were as follows:

- R. J. Brannock (Executive) (resigned 31 March 2016)
- A. Mas (Executive) (resigned 10 August 2015)
- J. S. Whiteus (Executive)
- J. Rember (Executive)
- C. Vitrac (Executive) (appointed 27 April 2016)

Third Party Indemnity Provisions

The Company provided qualifying third party indemnity insurance to one or more of its Directors during 2015. These provisions were still in force at the date these accounts were approved.

Political and Charitable Contributions

The Company made charitable donations of £19,328 during 2015 (2014: £3,372). No donations were made for political purposes during 2015 (2014: £nil).

Going Concern

Further to the Risks and Uncertainties discussed in the Strategic report on page 4, the Directors have considered the guidance provided by the Financial Reporting Council on "Going Concern and Liquidity Risk" published in October 2009. The Board believes that the Company has adequate resources to continue in operation for the foreseeable future. The financial statements have accordingly been prepared on a going concern basis.

Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

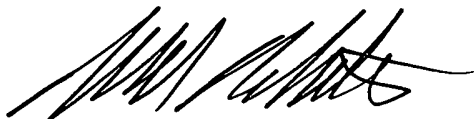
- as far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's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

This confirmation is given and should be interpreted in accordance with the provisions of 418 of the Companies Act 2006.

Company Auditors

Pursuant to paragraph 44 of schedule 3 to SI 2007 No. 2194 the Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007, the directors have elected to dispense with the requirement to appoint auditors annually. Due to the change in the Company's ultimate parent undertaking, AXA S.A., KPMG LLP have indicated that they will resign after signing these financial statements. In accordance with Section 485 of the Companies Act 2006, new auditors will be proposed for appointment within the permitted period.

By Order of the Board



J. S. Whiteus

Director

Strategic Report

The directors are pleased to present their Strategic Report for the year ended 31 December 2015.

Business Review and Principal Activities

The Company is a wholly owned subsidiary of AXA Partners CLP UK Holdings Limited (formerly known as: Genworth Financial UK Holdings Limited) and operated as part of the AXA. S.A. Partners division as from 1 December 2015. Up to this date, the Company was a wholly owned subsidiary of Genworth Financial Inc and operated as part of its Corporate and Other division.

The principal activity of the Company is the provision of agency and management services to affiliated companies in the AXA Credit and Lifestyle Protection group of companies. The Company also provides claims administration, training and marketing consultancy services to the group. As well as operating in the UK, the Company has branches in Czech Republic, Germany, Hungary, Ireland, Netherlands, Greece, Slovakia, Norway, Poland, Italy, Belgium and Sweden to support the activities of Financial Insurance Company Limited, Financial Assurance Company Limited and Financial Insurance Guernsey PCC Limited.

There have not been any significant changes in the Company's principal activities in the year under review.

Due to the acquisition of the Company by AXA. S.A., the future strategy and business model of the Company is currently under review. This will be determined by the broader strategy of the AXA Partners division and as at the date of this report, key decisions in this regard have yet to be made.

As shown on the income statement on page 8, turnover has decreased by 9% from £81,443,000 to £74,044,000 driven by a decrease in the underlying operating expenses recharged. During the year the Pension Defined Benefit scheme was transferred to a non-AXA sponsoring employer on 1 December 2015 as part of the sale of the parent companies, resulting in the release of actuarial losses of £15,640,000 to the income statement. More detail is provided in note 19 on page 26. This has generated a loss after tax of £11,757,000 (2014: profit after tax of £3,733,000).

The sole purpose of the Company is to act as a group services company. The Company seeks to recover all costs through recharges to group companies.

Amounts owed by and to group entities are shown in Note 13 on page 23.

The directors have made an election not to prepare consolidated accounts for Financial Insurance Group Services Limited and its subsidiaries under section 401 of the Companies Act 2006.

Employees

Details of the number of employees and related costs can be found in Note 3 to the financial statements on page 16.

Financial Instruments

The principal financial instruments of the Company are debtors, inter-group debtors, cash, money market funds, creditors and inter-group creditors.

Subsequent Events

There are no subsequent events to report.

Strategic Report (continued)

Principal Risks and Uncertainties

The Directors have determined the risk appetite of the Company and manage its various risks listed below, through the delegated authorities given to the CEO, The Investment Committee of the Company and the Risk and Capital Committee of the Company over which the Board of Directors retains oversight and authority either directly or through the Audit, Risk and Compliance Committee.

The Company's overall approach to dealing with risk can be defined as follows:

- Assignment of authority, responsibility and accountability for risk areas within the Company;
- Identification of the key risks that exist within these areas;
- Measurement of risks by assessing the pertinence to the Company, stress and scenario testing and understanding the risk information and risk measurement techniques;
- Monitoring risks through mechanisms such as risk assessments, compliance reviews, risk committees and internal or external audits; and
- Management of risk - this is detailed in the risk analysis below.

The key risk areas affecting the Company are as follows:

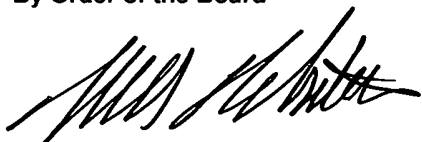
- *Market risk* – This is defined as the risk of loss due to adverse fluctuations in interest rates, exchange rates and commodity prices. The Company was exposed to market risk in prior years due to its participation in the Genworth Financial UK Pension Scheme. This scheme closed to future accrual on 31st December 2013. The Company ceased being a sponsoring employer of the scheme on 1st December 2015, on the completion of the sale of the LPI group to AXA. S.A. On that date the sponsoring employer became Genworth Financial UK Pension SPV Limited. Separate schemes are maintained for staff employed within the German branch and for senior executives. These schemes are unfunded and as such the Company is exposed to the risk of increased liabilities due to changes in interest rates. Foreign exchange risk exists through the inter company accounts held with European operations of the Group. Larger balances are settled on a monthly basis.
- *Credit risk* – This is defined as the risk of potential losses resulting from defaults by a borrower, reinsurer or counterparty. Surplus cash is invested in money market funds which meet minimum criteria or on deposits with entities approved at Corporate Treasury level. The Treasury department is responsible for reviewing actual exposure of these funds against counterparty limits set and regularly reviewed by Corporate Treasury.
- *Operational risk* - This is defined as the risk of loss arising from inadequate or failed internal processes, people or systems. This is managed through the Risk and Capital Committee and Controls Committee that review and monitor operational risks and report on these to the Board and Audit, Risk and Compliance Committees. A Risk Governance Manager establishes and implements operational risk procedures, carries out a full annual review of operational risks and reports on this to the Risk and Capital Committee, and works with stakeholders to implement action plans to mitigate the risks. In addition, the Risk department works with the business units to define and monitor key risk indicators on a regular basis.
- *Liquidity risk* – This is defined as financial risk due to uncertain liquidity. Exposure to liquidity risk occurs when the Company is not able to meet its obligations as they fall due because of insufficient liquid assets or inadequate access to funding. This is managed through the implementation of a liquidity policy that requires the maintenance of adequate cash balances based on analysis of forecast information and pre-established targets. Short-term funds are managed by the Treasury function in accordance with the liquidity policy approved by the Lifestyle Protection Investment Committee and the Board. Excess cash is deposited in money market funds or on deposit with entities that meet minimum criteria and are managed to certain counterparty limits, as set out in the liquidity policy.

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

- *Group risk* - This is defined as the risk of any other group company causing a substantial failure in the ability of the Company to meet its regulatory and legal requirements. These risks are managed through the implementation of effective corporate governance structures, on-going monitoring of the Group credit ratings.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Jeffrey S. Whiteus', written over a horizontal line.

Jeffrey S. Whiteus
Director

15th September 2016

Statement of Directors' Responsibilities in Respect of the Directors' Report, Strategic Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditors' report to the Members of Financial Insurance Group Services Limited

We have audited the financial statements of Financial Insurance Group Services Limited for the year ended 31 December 2015 set out on pages 8 to 29. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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.

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 website 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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.



Timothy Butchart (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

26 September 2016

**Income Statement
for the year ended 31 December 2015**

	Notes	2015 £'000	2014 £'000
Turnover		74,044	81,443
Staff costs	3	50,662	39,016
Other operating expenses	6	36,460	37,358
		<hr/> 87,122	<hr/> 76,374
Operating (loss) / profit		(13,078)	5,069
Other interest receivable and similar income		14	75
Interest payable and similar charges	7	(523)	(338)
		<hr/> (13,587)	<hr/> 4,806
(Loss) / profit on ordinary activities before taxation			
Tax on (loss) / profit on ordinary activities	8	1,830	(1,073)
		<hr/> (11,757)	<hr/> 3,733
(Loss) / profit for the financial year			

The results for the year represent the continuing operations of the Company.

The Notes on pages 12 to 29 form part of these financial statements.

**Statement of Comprehensive Income
for the year ended 31 December 2015**

	Notes	2015 £'000	2014 £'000
(Loss) / profit for the financial year		(11,757)	3,733
Currency translation differences		(1,904)	(1,562)
Actuarial gain / (loss) on the pension scheme	19 (c), (d)	395	(3,638)
Deferred tax movement on actuarial gain on pension scheme		(1,017)	403
Contribution in relation to share based payment		708	184
Movement in unrecognised surplus on pension scheme		14,953	1,947
Net movement in pension scheme from disposal and curtailments		643	-
Total recognised (loss)/gain relating to the year		2,021	1,067

The Notes on pages 12 to 29 form part of these financial statements.

**Statement of Changes in Equity
for the year ended 31 December 2015**

	Called Up Share Capital	Share Premium Account	Other Reserve	Currency Translation Reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2014	22,214	1,274	(14,991)	(3,354)	28,500	33,643
Profit for the year	-	-	-	-	3,733	3,733
Other comprehensive loss	-	-	(1,287)	(1,562)	-	(2,849)
Total comprehensive income/(loss) for the year	-	-	(1,287)	(1,562)	3,733	884
Share based payment transactions (Note 4)	-	-	-	-	184	184
Equity dividends paid (Note 9)	-	-	-	-	(7,500)	(7,500)
As at 31 December 2014	22,214	1,274	(16,278)	(4,916)	24,917	27,211
Loss for the year	-	-	-	-	(11,757)	(11,757)
Other comprehensive income/(loss)	-	-	14,974	(1,904)	-	13,070
Total comprehensive income/(loss) for the year	-	-	14,974	(1,904)	(11,757)	1,313
Share based payment transactions (Note 4)	-	-	-	-	708	708
As at 31 December 2015	22,214	1,274	(1,304)	(6,820)	13,868	29,232

The share premium account records the amount above the nominal value received for shares sold.

Currency translation reserves consist of foreign currency translation adjustments arising on the translation of the results of overseas branches.

Other reserves consist of the actuarial re-measurement on defined benefit pension schemes.

**Statement of Financial Position
as at 31 December 2015**

	Notes	2015 £'000	2014 £'000
Fixed Assets			
Intangible assets	10	12,852	14,369
Tangible assets	11	15,293	17,226
Investment in group undertakings	12	1,383	1,383
		29,528	32,978
Current assets			
Amounts owed by group undertakings	13	3,403	8,712
Other debtors	14	6,711	4,093
Cash and cash equivalents	13,15	11,908	8,237
		22,022	21,042
Creditors			
Amounts owed to group undertakings	13	1,000	8,459
Other creditors including taxation and social security	16	15,983	12,950
Net current assets / (liabilities)		5,039	(367)
Total assets		34,567	32,611
Pension liability	19 (a)	5,335	5,401
Net assets		29,232	27,210
Capital and reserves			
Called up share capital		22,214	22,214
Share premium account		1,274	1,274
Other reserves		(1,304)	(16,278)
Currency reserve		(6,820)	(4,916)
Retained earnings		13,868	24,916
Total shareholder's funds		29,232	27,210

The Notes on pages 12 to 29 form part of these financial statements.

These financial statements were approved by the Board of Directors on 15th September 2016 and signed on its behalf by:



J. S. Whiteus
Director

Notes to the Financial Statements year ended 31 December 2015

Statement of Accounting Policies

1. Basis of presentation and significant accounting policies

A Introduction

Financial Insurance Group Service Limited ("FIGSL" or the "Company") is a service company incorporated (as a limited liability company under the laws of England and Wales) in the United Kingdom ("UK") providing agency and management services to other group entities. The Registered Office is Building 6, Chiswick Park, 566 Chiswick High Road, London W4 5HR, UK.

The financial statements of the Company have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland' and the provisions of section 396 of the Companies Act 2006 including applying the requirements set out in Schedule 1 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to individual companies.

The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2015. The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS balance sheet as at 1 January 2014, the Company's date of transition. An explanation of how the transition has affected the reported financial position and financial performance is given in Note 22 Transition to FRS 102.

The financial statements are presented in Sterling (£) which is the functional currency of the Company and rounded to the nearest £'000.

The Company's ultimate parent undertaking, AXA. S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of AXA. S.A. are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from AXA Group Investor Relations Department, 25 Avenue Matignon, 75008 Paris, France. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes
- Related Party disclosures
- Business Combination (see Note13)

B Going Concern

The directors, at the time of approving the financial statements, had a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. More detail is contained in the Directors' Report.

C Turnover

Turnover, which excludes Value Added Tax, represents charges for agency and management services provided to other group companies and agents.

D Intangible Assets

Intangible assets are capitalised and depreciated by equal annual instalments over their estimated useful lives. The principal rates used for this are as follows:

	Per annum
Capitalised software	20 %

E Tangible Assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives, using the straight-line method.

The principal rates used for this are as follows:

Per annum	
Computer equipment	20 %
Furniture and equipment	10 %
Land & Buildings	2.5 %

Notes to the Financial Statements year ended 31 December 2015

Statement of Accounting Policies (continued)

E Tangible Assets (continued)

Property and equipment is assessed at each reporting date for any indication of impairment. If an impairment exists the carrying amount of the asset is reduced to its recoverable amount and the impairment is recognised in the income statement.

F Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Provision is made at the inception of the operating lease for the present value of any costs that have to be incurred at the end of the lease to return the property to its original condition.

G Debtors

Short term debtors are measured at transaction price less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. The effective interest rate amortisation is included in investment income in the income statement.

H Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. The effective interest rate amortisation is included in investment income in the income statement.

I Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, using the liability method without discounting, on all material timing differences, including revaluation gains and losses on investments recognised in the income statement. Deferred tax is calculated at the rates at which it is expected that the tax will arise. Deferred tax is recognised in the income statement for the year, except to the extent that it is attributable to a gain or loss that is recognised directly in the statement of comprehensive income.

Notes to the Financial Statements year ended 31 December 2015

Statement of Accounting Policies (continued)

J Pension Schemes

The Company participates in a number of defined benefit and defined contribution pension schemes. The pension liability recognised in the balance sheet is the value of the defined benefit schemes' assets less the present value of the schemes' liabilities.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefits obligations) and is based on actuarial advice. When a settlement or a curtailment occur the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement during the period which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the income statement as other finance revenue or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amount included in net interest) are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the income statement in subsequent periods. The attributed deferred taxation is shown separately in other comprehensive income.

The defined net benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of the pension asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

K Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. The results of overseas operations are translated at the average rate of exchange for the year. Other transactions are translated at the actual rate on the date of the transactions. Exchange differences arising from the re-translation of the opening foreign currency denominated net assets of the European operations are taken to reserves and reported in the statement of comprehensive income. Other foreign exchange differences are reported in the income statement.

L Financial Assets

Investments have been valued in accordance with the provisions of sections 11 and 12 of FRS102. The Company has adopted the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and the disclosure requirements of sections 11 and 12.

Investments in subsidiary undertakings are included in the balance sheet at cost unless their value has been impaired, in which case they are valued at their realisable value or value in use as appropriate.

M Cash and Cash equivalents

Cash and cash equivalents consists of cash at bank and in hand, deposits with credit institutions and other liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Notes to the Financial Statements year ended 31 December 2015

Statement of Accounting Policies (continued)

N Share Based Payment

The Company has applied the requirements of FRS 102 Section 26 'Share-based Payment'.

In prior years, Genworth Financial Inc. the Company's former parent, issued equity-settled payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of these equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest.

Fair value is measured by the use of the Black-Scholes pricing model.

Genworth Financial Inc. also provided employees with restricted stock units at the current market value of Genworth Financial Inc. shares at the date of grant. The Company records an expense, based on its estimate of the units expected to vest on a straight-line basis over the vesting period.

In prior years the expense was carried by Genworth Financial Inc. and was not charged to the Company. As such, a deemed capital contribution equivalent to the income statement charge was recognised within shareholders' equity. This was in line with the treatment prescribed in UITF Abstract 44 'Group and Treasury Share Transactions'. Since 2013, the cash cost to Genworth Financial Inc. of share options has been charged to the Company and accordingly deemed capital contributions recognised has been reduced.

The Company accounts for a cancellation or settlement of an equity-settled share based payment award as an acceleration of vesting and therefore recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

As at 1 December 2015, as a result of the company being sold to AXA. S.A., all the shares that had been issued by Genworth Financial Inc. were vested.

O Provisions and contingent liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in profit or loss in the period it arises.

2. Significant judgements and estimates

The preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are reflected in the judgements made about carrying amounts of assets and liabilities that are not objectively verifiable.

Actual results may differ from estimates made. Estimates and underlying assumptions are reviewed on an ongoing basis and where necessary are revised to reflect current conditions. The accounting estimates discussed in this section are those considered to be particularly critical to an understanding of the financial statements of the Company because their application place the most significant demands on our ability to judge the effect of inherently uncertain matters on the financial results.

i. Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment test based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The most significant asset held by the Company that is subject to impairment testing is owner-occupied property.

Notes to the Financial Statements year ended 31 December 2015

Statement of Accounting Policies (continued)

2. Significant judgements and estimates (continued)

ii. Pension and other-post employment benefits

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuations, the underlying assumptions and long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in respective currency with at least AA rating with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in Note 19.

3. Staff Costs

	2015	2014
	£'000	£'000
Wages and salaries	25,473	29,827
Severance costs	2,176	457
Social security costs	3,521	4,577
Share based costs	1,243	1,360
Pension costs – defined contribution	1,594	1,870
Pension costs – defined benefit	522	372
Pension curtailment loss	15,640	-
Other pension related costs	493	553
	<u>50,662</u>	<u>39,016</u>

Other pension costs includes administration expenses.

	2015	2014
	No.	No.
The average number of employees during the year was as follows:		
Administration and operations	<u>494</u>	<u>508</u>

4. Share Based Payment

Share options and restricted stock units have been issued in prior years to employees under the 2004 Genworth Financial Inc. Omnibus Incentive Plan. During the year ended 31 December 2014, 230,950 share options were granted with an exercise price of \$15.23. No options were granted in the year ended 31 December 2015.

On the date of sale of the LPI Group to AXA all outstanding Genworth Financial Inc restricted stock units and stock options granted to company employees vested. The number of restricted stock units granted to company employees at the date of sale which immediately vested on sale was 313,361. The restricted stock units vested at a price of \$4.96. 829,325 stock options vested on the date of sale. These stock options can be exercised up to the earlier of the original expiration date and 5 years from date of sale.

As discussed in the accounting policy Note on page 15, up to 2013 the expense related to these options and stock units was carried by Genworth Financial Inc and a deemed capital contribution equivalent to the income statement charge was recognised within shareholders' equity. Cash costs charged to the Company since 2013 have reduced the deemed capital contributions previously recognised. Any costs associated with stock options exercisable in future years will be carried by Genworth Financial Inc under the terms of the purchase agreement with AXA S.A. and there will be no further costs recognised in respect of the restricted stock units.

Notes to the Financial Statements year ended 31 December 2015

4. Share Based Payment (continued)

Equity-settled share option scheme

Details of the share options outstanding during the year are as follows:

	2015		2014	
	Number of Share Options	Weighted Average Exercise Price (in \$)	Number of Share Options	Weighted Average Exercise Price (in \$)
Outstanding at beginning of period	893,466	11.91	742,907	11.04
Granted during the period	-	-	230,950	15.23
Transfers out of employees	(23,000)	-	-	-
Forfeited during the period	(40,941)	13.93	(31,205)	20.18
Exercised during the period	(200)	7.80	(49,186)	12.61
Vested at date of sale	(829,325)	11.79	-	-
Outstanding at the end of the period	-	-	893,466	11.91

Other share-based payment plans

Restricted stock units represent the right to receive shares in the future if employment continues with the Company. During the year ended 31 December 2014, 243,600 restricted stock units were granted, no units were granted in the year ended 31 December 2015. All units vested on 1 December 2015 as a result of the sale of the Company to AXA. S.A.

The new restricted stock units' weighted-average grant date fair value is as follows:

	2015	2014
	\$	\$
Fair value per restricted stock unit at grant date	-	14.84

The Company recognised total expenses of £1,242,921 and £1,360,814 related to equity settled share-based payment transactions in 2015 and 2014 respectively.

5. Directors Remuneration

	2015	2014
	£'000	£'000
Emoluments	3,212	1,709
Company contributions to money purchase schemes	653	24
	3,865	1,733

	2015	2014
	No.	No.
The number of directors who :		
Are members of a defined benefit pension scheme	4	4
Are members of a money purchase pension scheme	3	2
Exercised share options	1	1
Had shares receivable under a long-term incentive schemes	4	4

Notes to the Financial Statements year ended 31 December 2015

5. Directors Remuneration (continued)

	2015	2014
	£'000	£'000
Remuneration of the highest paid director:		
Emoluments	1,858	749
Company contributions to money purchase schemes	625	14
	<u>2,483</u>	<u>763</u>
Amounts accruing under defined benefit schemes	<u>72</u>	<u>78</u>

The highest paid director did not exercise share options during the period. Shares were receivable by the highest paid director under a long-term incentive scheme in the current and prior year.

Total remuneration paid to directors has been disclosed as it is not possible to separately identify the portion relating to qualifying services provided to this Company.

6. Other Operating Expenses

(Loss)/Profit on ordinary activities is stated after charging:	2015	2014
	£'000	£'000
Fees payable to the company's auditor for the audit of the company's annual accounts	18	19
Audit-related assurance services	1	3
Tax compliance services	19	8
Fees payable to the Company's auditors and their associates in respect of associated pension scheme	<u>4</u>	<u>15</u>
Depreciation of owned assets	6,830	6,054
Hire of plant and machinery, including operating lease rentals	90	111
Operating lease rentals for land and building	<u>2,464</u>	<u>2,886</u>

7. Interest Payable and Similar Charges

	2015	2014
	£'000	£'000
Interest payable and similar charges wholly repayable within five years is as follows:		
Interest payable and bank charges	294	264
Investment management fees	58	159
Realised foreign currency translation loss / (gain)	<u>171</u>	<u>(85)</u>
	<u>523</u>	<u>338</u>

Notes to the Financial Statements year ended 31 December 2015

8. Taxation

	2015	2014
	£'000	£'000
(a) United Kingdom corporation tax:		
Current tax on profit for the period	2,213	2,640
Adjustments to tax charge in respect of prior periods	148	(390)
Relief of foreign taxes against UK tax	(211)	(377)
	<u>2,150</u>	<u>1,873</u>
Foreign tax		
Current tax on income for the period	232	336
	<u>2,382</u>	<u>2,209</u>
Deferred Tax:		
Origination and reversal of timing differences	(4,291)	(1,156)
Impact of change in UK Tax Rate	45	53
Adjustment to tax charge in respect of previous periods	34	(33)
	<u>(1,830)</u>	<u>1,073</u>
Tax on profit on ordinary activities	(1,830)	1,073

(b) Factors affecting the tax charge:

The current tax charge for the year is lower than the applicable rate of corporation tax in the UK 20.25%, (2014: 21.5%). The differences are explained below :

	2015	2014
	£'000	£'000
(Loss) / Profit on ordinary activities before tax	<u>(13,587)</u>	<u>4,806</u>
(Loss) / Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	(2,751)	1,033
Permanent disallowable items for UK taxation	3,743	254
Movement in respect of pension scheme	(2,991)	-
Foreign taxation	232	336
Short term timing differences	-	1,491
Prior year tax adjustments	148	(390)
Double taxation relief	(211)	(377)
Depreciation in excess of capital allowances claimed	-	(1,273)
	<u>(1,830)</u>	<u>1,074</u>
Total tax (credit)/debit for the period	(1,830)	1,074

Notes to the Financial Statements year ended 31 December 2015

8. Taxation (continued)

(c) Deferred tax:

The components of the net deferred tax asset movement are as follows. The balances have not been discounted.

	2015	2014
	£'000	£'000
Short term timing differences	(2,991)	(137)
Fixed asset depreciation in excess of capital allowances claimed	(1,221)	1,273
	(4,212)	1,136
Deferred tax liability offset against pension liability	1,017	403
Deferred tax liability offset against Currency translation adjustment	-	(36)
Total net deferred tax asset movement	(3,195)	1,503

(d) Reconciliation of movement in deferred tax:

	2015	2014
	£'000	£'000
Balance as at 1 January 2015	2,223	720
Deferred tax asset in profit and loss for the year	4,291	1,156
Adjustment relating to change in UK tax rate through profit and loss	(45)	(53)
Adjustments relating to prior years through profit and loss	(34)	33
Write off of deferred tax asset in OCI for the year	(1,017)	403
Deferred tax liability offset against Currency translation adjustment	-	(36)
Deferred tax asset as at 31 December 2015	5,418	2,223

The calculation of deferred tax balances at the year-end also takes into account the reductions in the UK main corporation tax rate to 21%.

A reduction in the UK tax rate from 21% to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013.

The deferred tax asset at 31st December 2015 (which has been calculated based on the rate of 20% substantively enacted at the balance sheet date) has been decreased by £45,000 (2014: £53,000) to reflect this rate change.

9. Dividend Paid

No dividends were paid during the year ended 31 December 2015 (2014: £7,500,000).

Notes to the Financial Statements year ended 31 December 2015

10. Intangible Assets

	2015	2014
	£'000	£'000
Cost – Capitalised Software		
At 1 January	55,480	52,314
Additions for the year	3,539	4,367
Sale during the year	(2)	-
Movement in foreign exchange	(879)	(1,201)
At 31 December	<u>58,138</u>	<u>55,480</u>
Amortisation- Capitalised Software		
At 1 January	(41,111)	(37,113)
Charge for the period	(4,748)	(4,764)
Sale during the year	2	-
Movement in foreign exchange	571	766
At 31 December	<u>(45,286)</u>	<u>(41,111)</u>
Net Book value at 31 December	<u>12,852</u>	<u>14,369</u>

Notes to the Financial Statements year ended 31 December 2015

11. Tangible Assets

	Land & Buildings	Leasehold Improvements	Computer Equipment	Furniture and Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2015	13,521	6,111	33,725	10,521	63,878
Additions	-	407	797	71	1,275
Disposals	-	(5,179)	(29,957)	(9,099)	(44,235)
Exchange movements	(735)	(223)	(437)	(224)	(1,619)
At 31 December 2015	12,786	1,116	4,128	1,269	19,299
Depreciation					
At 1 January 2015	(84)	(5,812)	(31,525)	(9,231)	(46,652)
Charge for the year	(322)	(431)	(973)	(356)	(2,082)
Disposals	-	5,011	29,957	9,041	44,009
Exchange movements	2	222	330	165	719
At 31 December 2015	(404)	(1,010)	(2,211)	(381)	(4,006)
Net Book value at 31 December 2015	12,382	106	1,917	888	15,293
Net Book value at 31 December 2014	13,437	299	2,200	1,290	17,226

Notes to the Financial Statements year ended 31 December 2015

12. Investment in Group Undertakings

Shares in subsidiary Undertakings

	2015	2014
	£'000	£'000
Cost		
At 1 January and 31 December	1,383	1,383

Set out below are the group undertakings, as at 31 December 2015 with details of the percentages of voting rights held by the Company:

Name of Undertaking	Country of Incorporation	Percentage of Shares held	Direct / Indirect	Activity
AXA Partners CLP Operaciones Colombia SAS	Colombia	100% Ordinary shares	Direct	Insurance administration
AXA Partners CLP S de R. L .de C.V.	Mexico	99.9% Ordinary shares	Direct	Insurance administration

13. Financial Assets and Liabilities

	2015	2014
	£'000	£'000
Financial assets at amortised cost		
Amounts owed by group undertakings	3,403	8,712
Cash and cash equivalents	11,908	8,237
Total Financial Assets	15,311	16,949
Financial liabilities at amortised cost		
Amounts owed to group undertakings	1,000	8,459
Total Financial Liabilities	1,000	8,459

The Company's accounting policy on the valuation of financial assets is described in the Statements of Accounting Policies Note 1(I).

Collateral Arrangements

Included in cash and cash equivalents is £44,012 (2014: £46,348) restricted as collateral for a letter of credit.

Notes to the Financial Statements year ended 31 December 2015

14. Other Debtors

	2015	2014
	£'000	£'000
Other debtors	68	62
Deferred tax (note 8)	5,418	2,223
Prepayment and accrued income	1,225	1,808
	6,711	4,093

15. Cash and Cash equivalents

	2015	2014
	£'000	£'000
Cash at bank and in hand	3,584	3,534
Cash equivalents	8,324	4,703
	11,908	8,237

16. Other creditors including taxation and social security

	2015	2014
	£'000	£'000
Other taxation and social security	2,558	2,194
Accruals and deferred income	13,320	10,286
Other creditors	105	470
	15,983	12,950

Accruals and deferred income include a dilapidation provision for restoring leasehold properties to their original condition upon termination of the lease, a bonus provision and a leave provision.

	Dilapidation Provision	Bonus Provision	Leave Provision
	£'000	£'000	£'000
Balance as at 1 January	648	3,748	299
Change in provision	408	778	81
Movement in foreign exchange	(4)	(87)	(20)
	1,052	4,439	360

Notes to the Financial Statements year ended 31 December 2015

17. Share Capital

	2015	2014
	£'000	£'000
Allotted, called up and fully paid:		
22,214,328 (2014: 22,214,328) Ordinary Shares at £1 each	22,214	22,214

18. Lease Rentals

A significant number of leases are entered into by the Company on behalf of other group entities. The lease payments are recharged as incurred.

	2015	2014
	£'000	£'000
Land and buildings	2,464	2,886
Other	90	111
Total operating leases	2,554	2,997

Future minimum lease payments under non-cancellable operating leases are as follows:

	2015			2014		
	£'000	£'000	£'000	£'000	£'000	£'000
	Land and Buildings	Other	Total	Land and Buildings	Other	Total
Not later than one year	94	82	176	1,663	51	1,714
After one year but not more than five years	1,091	80	1,171	395	119	514
After five years	-	-	-	-	-	-
Total operating lease	1,185	162	1,347	2,058	170	2,228

Notes to the Financial Statements year ended 31 December 2015

19. Pensions

UK Pension Schemes

In the UK, the Company participated during the year in one combined defined contribution scheme and one defined benefit pension scheme. The defined benefit pension scheme was closed to future accrual on 31 December 2013, and on 1 December 2015 the Trustees of the scheme released the Company as sponsoring employer of the scheme via a Flexible Apportionment Agreement. The sponsoring employer from this date is Genworth Financial UK Pension SPV Limited.

The costs of the combined defined contribution schemes (GE Capital Retirement Savings Plan and ERS Stakeholder Scheme) recognised in the income statement are £1,145,859 which equal the contributions payable to the schemes for the year (2014: £1,194,644).

The UK defined benefit scheme (Genworth Financial UK Pension Scheme) provided retirement benefits based on final pensionable salary and until 1 December 2015 was accounted for in accordance with FRS 102 Section 28 as a defined benefit scheme whereby a pension scheme liability is recognised to the extent that the Company's pension obligations exceed the assets attributable to the Company in the pension scheme.

As the scheme closed to future accrual in 2013, the company made no contributions in 2015 or in 2014.

In 2015 and 2014, the company made no deficit reduction contributions.

Regular employer contributions to the Scheme in 2016 are nil as a result of the transfer of the sponsorship of the scheme effective 1 December 2015. As at 31 December 2015 the pension is valued at nil in the financial statements of the company. The transfer of sponsorship of the scheme to Genworth Financial UK Pension SPV Limited generated a loss in the income statement for the year ended 31 December 2015 of £14,952,752, as a result of the release of the actuarial loss position at that date.

The valuation used for FRS 102 disclosures in 2014 has been based on a full assessment of the liabilities of the Scheme as at 5 April 2012. The present values of the defined benefit obligation and any past service costs were measured using the projected unit credit method. Service costs recognised in the income statement up to the 1 December 2015 were based on the estimated service costs for the year based on the actuarial valuation at the previous year end.

The net surplus on the scheme as at 31 December 2014 was £9,869,000. This surplus was not recognised on the statement of financial position in accordance with FRS 102. The surplus that can be recognised is restricted to the value of future benefits to be accrued in the scheme.

German Pension Scheme

In addition, the Company has set up an unfunded scheme for staff that are employed in the German branch. This separate scheme has been set up due to the provisions of German pensions legislation.

Notes to the Financial Statements year ended 31 December 2015

19. Pensions (continued)

SERP

The Company also has two further senior executive retirement plans in the United Kingdom and Ireland.

The following information relates to the UK Defined Benefit Scheme, the German Pension Scheme and the SERPs:

(a) Reconciliation of funded status to statement of financial position

	2015	2014
	£'000	£'000
Fair value of scheme assets	-	67,236
Present value of funded defined benefit obligations	(5,335)	(62,768)
	(5,335)	4,468
Unrecognised asset	-	(9,869)
Pension liabilities	(5,335)	(5,401)
Related deferred tax asset	-	1,017
Net pension liability	(5,335)	(4,384)

(b) Analysis of income statement charge

	2015	2014
	£'000	£'000
Current service cost	486	374
Interest cost	106	2,209
Expected return on scheme assets	-	(2,116)
Curtailement loss	15,640	-
Amortisation of unrecognised net gain	(70)	(2)
Expense recognised in profit and loss	16,162	465

(c) Changes to the present value of the defined benefit obligation during the year

	2015	2014
	£'000	£'000
Opening defined benefit obligation	62,767	51,084
Current service cost	486	374
Interest cost	106	2,209
Actuarial (gains) / losses on scheme liabilities	(395)	9,673
Net benefits paid out	-	(324)
Curtailements	(57,393)	-
Foreign exchange translation	(236)	(249)
Closing defined benefit obligation	5,335	62,767

Notes to the Financial Statements year ended 31 December 2015

19. Pensions (continued)

(d) Changes to the fair value of scheme assets during the year

	2015	2014
	£'000	£'000
Opening fair value of scheme assets	67,236	59,409
Expected return on scheme assets	-	2,116
Actuarial gains on scheme assets	-	6,035
Net increase in assets from disposals / acquisitions	(67,236)	
Net benefits paid out	-	(324)
Closing fair value of scheme assets	-	67,236

The major categories of plan assets as a percentage of total plan assets are as follows:

(e) Plan assets

	2015		2014	
	£'000	(%)	£'000	(%)
Equities	-	-	22,688	33.74
Property	-	-	1,908	2.84
Government bonds	-	-	26,811	39.88
Corporate bonds	-	-	13,489	20.06
Other	-	-	2,340	3.48
Total	-	-	67,236	

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS 102 are set out below:

(f) Main financial assumptions

	2015	2014
	weighted average % p.a.	
Discount rate for scheme liabilities	2.1%	3.4%
Expected weighted return on plan assets	0.0%	3.4%
RPI Inflation	3.5%	3.1%
CPI Inflation	0.0%	2.0%
Pension Increases – RPI (5.0%)	1.8%	2.9%
Pension Increases – CPI (5.0%)	0.0%	2.1%
Rate of general long-term increase in salaries	2.7%	0.3%

The average expected return on assets includes separate expectations of returns on equities, property, government bonds, corporate bonds and other assets, weighted in accordance with the year-end assets composition as set out above. Management, in consultation with the plan actuary, has set these returns.

Notes to the Financial Statements year ended 31 December 2015

19. Pensions (continued)

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements.

(g) History of asset values, defined benefit obligation, and surplus/(deficit) in scheme (before disallowed surpluses)

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme	-	67,236	59,409	50,652	44,697
Defined benefit obligation	(5,335)	(62,768)	(51,084)	(48,639)	(44,599)
(Shortfall) / surplus in schemes	(5,335)	4,468	8,325	2,013	98

(h) History of experience gains and losses

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Experience gains/(losses) on scheme assets	-	6,035	3,929	1,725	(783)
Experience (losses) / gains on scheme liabilities	395	(9,673)	(680)	(1,688)	(1,447)

20. Related Party Transactions

As the Company is a wholly owned subsidiary of AXA. S.A. as at 1 December 2015, it has taken advantage of the exemption contained in FRS 102 Section 33 "Related Party Disclosures" and has therefore not disclosed transactions or balances with entities that form part of this Group. Related party transactions and balances are disclosed in the group accounts prepared for AXA. S.A. See Note 21 for details to obtain a copy of the financial statements for AXA. S.A.

21. Ultimate Parent Company

The Company's ultimate parent company is AXA. S.A. ("AXA"), a company registered in France. AXA is the parent of the largest and smallest group of which the Company is a member and for which group financial statements are prepared. The group financial statements of AXA are available to the public and may be obtained from AXA Group Investor Relations Department, 25 Avenue Matignon, 75008 Paris, France.

The immediate parent company is AXA Partners CLP UK Holdings Limited (formerly known as: Genworth Financial UK Holdings Limited) (100% ownership). These financial statements present information about the Company as an individual undertaking and not about its group. The Company is exempt from the requirement to prepare group accounts under section 401 of the Companies Act.

22. Transition to FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014, however there were no adjustments required to the 1 January 2014 opening balances, as the new GAAP did not have an impact on the Company's financial statements.