Registration number: 02937724

AXA UK PLC

Annual Report and Financial Statements

for the Year Ended 31 December 2022

AXA UK PLC

Contents

AXA UK PLC

Company Information

Chairman	M. A. Pain
Directors	A. Perretta C. Gienal D. J. Davies R. Becker R. J. A. Moquet T.M.T. Foley C. J. Millington K. A. Hale G. M. Bamberger R. Singh
Company secretary	C. A. Riddy
Registered office	20 Gracechurch Street London EC3V 0BG
Auditors	Mazars LLP Chartered Accountants and Statutory Auditor 30 Old Bailey London EC4M 7AU

AXA UK PLC

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report on AXA UK plc ("the Company") for the year ended 31 December 2022.

Principal activity
The principal activity of the Company is that of a holding company for AXA's general insurance, health insurance and distribution operations in the UK and the Republic of Ireland ("the AXA UK group").

Review of the business
The Company's profit after taxation is £356m (2021: profit £112m).

The administrative expenses for running the corporate centre of the AXA UK group increased by £8m to £55m (2021: £47m), primarily due to the release of historic provisions in 2021 of £6m with no equivalent write-backs in 2022. In addition, the pension interest expense has increased by £4m, primarily reflecting an increase in interest rates.

Dividends from group undertakings increased by £234m to £385m (2021: £151m).

The factors affecting the tax credit of £14m (2021: credit £2m) are disclosed in note 10.

Business environment
The UK and Ireland non-life insurance markets remain highly competitive and the AXA UK Group has developed a strong market position across multiple sectors of the markets. The Group provides a wide diversity of products to customers in both the UK retail, commercial and health markets and the Irish motor and property markets, with strong broker relationships and brand reputation. The Group continues to look at ways of enriching the customer experience through market-leading propositions whilst delivering value for customers.

Strategy
The Company has a clear strategic business model focusing on acting as a holding company to a number of different companies, including three regulated insurance companies. Further details of the subsidiaries are shown in note 15. The Company's subsidiaries which primarily affect the performance of this Company, have in place a variety of methodologies to monitor and manage the risks they accept and to plan for increasing their involvement in chosen markets. A number of initiatives are in place to deliver profitable growth in these markets and distribution channels.

The key performance indicators the board uses to monitor the Company are the administrative expenses for the corporate centre of the AXA UK group and net assets.

	2022 £ m	2021 £ m
Administrative Expenses	55	47
Net Assets	3,640	3,769

The Company's activities are affected by the performance of the main operating subsidiaries in the United Kingdom and Ireland. The performance indicators for these operations are disclosed in the individual entity financial statements.

Principal risks and uncertainties
The AXA UK 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.

Internal Financial Control (IFC) is responsible for monitoring the key financial and operational controls that are operated to ensure the completeness, accuracy and integrity of the AXA UK group's financial information.

The principal risks from the general insurance businesses arise mainly from events outside of the AXA UK group's control, such as fluctuations in the timing, frequency and severity of claims compared to expectations. Underwriting, reserving and reinsurance strategies may also give rise to risk and uncertainty through inaccurate pricing, inadequate reinsurance protection and inadequate reserving; these are largely within management's control and strategies are communicated clearly throughout the business through policy statements and guidelines.

The Company maintains a strong focus on data and systems security, including cybersecurity issues. Millions of the Company's customers trust the Company to protect and care for what is precious to them. This includes protecting their personal information and the services they rely on. The security strategy is designed to anticipate threats and protect what matters to keep the Company's customers and colleagues safe and secure. Control measures are in place to mitigate the Company's exposure to cyber risk and our maturity is measured by International Standards Organisation (ISO) assessment scores. In addition, training programmes are run annually to educate staff on cyber security.

Future developments
No change in the activities of the Company is planned for the foreseeable future.

Section 172 statement
Overview

The matters set out in Section 172(1) of the Companies Act 2006 (the "Act") underpin AXA UK's purpose and vision and ground the Board's decision making. The directors of the Company consider, both individually and collectively, that in the decisions taken during the year ended 31 December 2022 they have complied with the duties set out in the Act, which include the duty to act in the way they consider, in good faith, would be most likely promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in the Act, including:

- the likely consequences of the decision in the long-term
- the interests of our employees
- the need to further the Company's business relationships with suppliers, customers, and others
- the impact of the Company's operations on the community and the environment
- the desire to maintain a reputation for high standards of business conduct

The Company's "members" are its shareholders and its ultimate shareholder is AXA SA. An insight into the way in which the directors have considered the Company's members and other key stakeholders in their decision making is set out below.

Relationship with our Stakeholders

Shareholder
The Company has one immediate shareholder, AXA SA, which provides its equity capital. The shareholder expects a financial return on its investment, and this is delivered through dividends. The Company engages with its shareholder through regular briefing of group directors on its performance and upward reporting through management information systems. Shareholder representatives are included in the AXA UK plc Board composition and they are also invited to attend AXA UK Committees at their preference.

Employees
The workforce's culture, values, behaviours, performance, and engagement drive how the Company serves its customers and interacts with suppliers. AXA UK values diversity and inclusion and continues to create and develop an inclusive culture. We are committed to ensuring equality of opportunities, with the aim of promoting diversity throughout the Company including at the most senior levels. The Company is committed to enabling its workforce at all levels of the organisation to actively contribute and participate in decisions where appropriate. The directors consider that the AXA UK Group's employee engagement programmes continue to serve the Company's requirement. Feedback from the workforce is sought through regular Pulse surveys, where staff can provide their views on how the business is performing.

Customers
The Company strives to build trusted relationships with customers and to always treat them fairly, ensuring the quality, pricing and appropriateness of the products and services sold to them and providing commitment to its customers that the business delivers against its purpose, to act for human progress by protecting what matters. Customer experience tracking facilitates feedback from customers at a number of different points in the customer journey, enabling action plans and changes where necessary. NPS survey findings are used to improve customer engagement, with knowledge being shared across the business.

Community and Environment
The Company understands that it has a vital role to play in being a responsible corporate citizen and believes this is important to the reputation of the Company and the wider AXA UK Group. The Company's directors are committed to the Group's environmental ambitions, and to understanding and mitigating the impact that climate change will have on customers and the business. The Company strives to play a positive role in society and actively supports communities it operates in. From volunteering and mentoring to fundraising and sharing business expertise, the Company encourages its workforce to get involved where possible.

Regulators
While the Company itself is not regulated, its principal UK subsidiaries are authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and PRA. The principal subsidiary in Ireland is regulated by the Central Bank of Ireland. Ensuring there is a collaborative and transparent relationship with the regulators, set by the tone at the top, is key to the business of the AXA UK Group. It determines the business operations of the wider AXA UK Group, its ability to recruit and retain senior staff and its reputation with customers.

Suppliers

The Company manages and promotes strong relationships with its network of suppliers (whether internal or external to the AXA Group) to ensure good service, cost effectiveness, and collaboration. These relationships are actively and consistently managed in accordance with AXA UK Group company-wide policies and a procurement process to manage third party risk, which ensure that AXA and its customers receive the agreed standards in service, quality and performance. AXA requires its vendors to be socially and environmentally responsible through the mandatory inclusion of a Corporate Responsibility Clause in all contracts.

Government & Industry Bodies

The Company engages with Government and key industry bodies to help to ensure that legislation made impacting the Company does not have unintended consequences for our customers and business; and to shape policies and protect against reputation risk.

Key decisions in 2022

Included below are some examples of decisions taken by the Board during the year and how stakeholder views were taken into account.

Shareholder-related decisions

- Section 172 considerations: promoting the success of the Company for the benefit of the Company's members, long-term consequences, maintaining a reputation for high standards
- Stakeholders: Shareholders, Regulators

During the year, collaborative discussions were held with the shareholder on a number of topics including financial performance, dividend/capital management planning, transformation strategies, corporate restructure actions, tax planning and strategic opportunities. For example, in June 2022 the Company declared an interim dividend to its shareholder (AXA SA), funded by the partial upstreaming of dividend income from AXA Insurance UK plc and AXA Ireland. The directors took into account all relevant matters set out in Part 23, Chapter 1 of the Companies Act 2006 concerning the payment of dividends, including reviewing the Company's distributable reserves and its ability to pay its debts as they fall due, having regard to the entirety of the Company's business and the actual and contingent liabilities (present and future) inherent in that business. The directors concluded that neither the long-term interests of the Company nor the interests of its creditors were prejudiced by payment of the interim dividend and that distributable reserves would remain sufficient.

Climate Change Strategy

- Section 172 considerations: the impact of the Company's operations on the community and the environment, long-term consequences, maintaining a reputation for high standards
- Stakeholders: Shareholders, Regulators, Community, Environment

The AXA UK&I Climate Change Strategy is informed by market dynamics and aligned with the AXA Group approach. It touches a number of stakeholder groups through its commitments and ambitions: (i) as an investor, by reducing the carbon footprint of AXA's portfolio by 20% by 2025 and increasing AXA's Green investments to reach €25 billion by 2023; (ii) as an insurer, by promoting the adoption of responsible behaviours in post-damage situations and in claims management, and providing inclusive insurance protection to vulnerable populations; and (iii) as an exemplary company, by leading the transformation by people (upskilling our teams on climate), and reducing the carbon footprint of AXA's own operations by 20% (electricity, car fleet, business travel, digital) by 2025 and offsetting the residual emissions.

AXA's Climate Academy was launched at the end of 2021, which facilitated mandatory training for all AXA UK plc employees. A partnership with Trees for Cities was established as an incentive with the commitment that the charity would plant trees on behalf of AXA for the first 6000 employees who complete the training, further demonstrating AXA's commitment to climate action.

Smart Working Model
- Section 172 considerations: interests of employees, long-term consequences, maintaining a reputation for high standards
- Stakeholders: Customers, Employees

The implementation of AXA's global Smart Working strategy continued throughout 2022, to develop the Company's technology, office space and ways of working, ensuring a positive experience for our people whilst protecting good customer outcomes.

FCA Consumer Duty
- Section 172 considerations: maintaining a reputation for high standards, fostering relationships with customers and suppliers
- Stakeholders: Customers, Regulators

Following the publication by the FCA of the final rules and guidance in relation to Consumer Duty in July 2022, the Board reviewed and considered the individual Implementation Plans for each of the Business Units across AXA UK. Directors scrutinised and challenged the plans to ensure they were deliverable and robust, whilst also ensuring that consideration to align with the AXA Group Conduct Framework was given. The plans were approved by the Board and submitted to the FCA by the 31 October 2022 deadline.

Approved by the board on 21 June 2023 and signed on its behalf on 19 July 2023 pursuant to delegated authority by:

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R. J. A. Moquet
Director

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Future developments
Future developments are discussed in the Strategic Report.

Going concern
The AXA UK group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The Company has considerable financial resources, with significant investments in group companies (notes 15 and 16). Detailed budgets, plans and forecasts have been prepared and reviewed setting out the financial position of the AXA UK group for the next 12 months and a strategic plan to 2028, approved by the board. In recognition of the uncertainty arising from high inflation and the economic outlook, including ongoing impacts of the COVID-19 pandemic, plans and forecasts have been re-modelled using scenario analysis to assess a range of possible outcomes. The directors therefore believe that the Company is well placed to manage its business risks despite the continuing uncertainty in the economic outlook arising from inflationary pressures and the ongoing impacts of the COVID-19 pandemic, and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report.

Dividends
A £300m interim dividend was paid in July 2022 to AXA SA (2021: £159m).

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

J. S. Wheway (ceased 30 June 2022)

A. Perretta

C. Gienal

D. J. Davies

M. A. Pain - Chairman

R. Becker

T. N. Garrad (ceased 31 March 2023)

R. J. A. Moquet

T.M.T. Foley

G. Gigantiello (ceased 29 June 2022)

C. J. Millington

K. A. Hale

G. M. Bamberger (appointed 4 November 2022)

The following director was appointed after the year end:

R. Singh (appointed 4 May 2023)

Indemnification of Directors
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.

Branches outside the United Kingdom
The Company does not operate branches outside the UK.

Political donations
The Company made no donations for political purposes.

Climate Related Risk
AXA UK and its subsidiaries are committed to playing their part in tackling climate change through their role as an employer, management of operations, development of propositions and management of investments.

Governance
The AXA UK Combined Boards Risk Committee ("CBRC") has the duty to assess and monitor the AXA UK Group's exposure to risks from Climate Change and management actions to mitigate such risks. Climate-related risks are reported through relevant Management Committees, through to the CBRC and on to the Board.

Strategy
The Company's ambition is to play an active role within the UK and Ireland insurance industries in tackling climate change, taking a clear, methodical and collaborative approach that will produce long-term results. The AXA UK&I Climate Steering Committee, sponsored by AXA's UK & Ireland CEO, has drawn up a high-level climate change strategy which was approved by the Board in June 2022 and the Board received a progress update in December 2022. Climate change is explicitly considered within the annual strategy process.

Risk management (including metrics and targets)
A risk framework has been developed around the management of climate-related risks, incorporating the construction of a Climate Change Risk Radar, which is updated on a 6 monthly basis. A UK-wide Climate Change Key Risk Indicator Dashboard has been developed during the year which is updated on a quarterly basis. There are a number of climate-related risks that the business could face, some of which will depend on regulatory actions and government policy.

Environmental impact
The Company is committed to reducing its carbon footprint and wider impact on the environment by actively managing the use of energy, paper and water consumption, as well as carbon emissions and waste. The Company is committed to reducing its own carbon footprint, for example by committing to be 100% renewable by 2025 in line with RE100. Further details are disclosed within the SECR.

Streamlined Energy and Carbon Reporting
The Company reports on its energy usage and carbon dioxide equivalent ("CO2e") emissions for the year ended 31 December 2022 in accordance with the Companies Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Further details in connection with the energy commitments of the Company and AXA Group can be found in the Section 172 Statement within the Strategic Report.

The methodology used to calculate our energy usage and CO2e emissions is in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, using the operational control approach in determining the Company's sources of emissions. Data has been calculated using the UK Government GHG Conversion Factors for Company Reporting. All emission and energy data are UK based.

Emissions data is split between scopes 1 to 3 as defined by the GHG Protocol corporate Accounting and Reporting Standard:

(a) Scope 1 - emissions directly into the atmosphere as a result of the activities of the Company and deriving from sources owned or controlled by the Company, such as boilers used for the heating of offices and business mileage in company cars;

(b) Scope 2 - emissions into the atmosphere associated with the Company's consumption of purchased electricity. Location-based represents the average emissions deriving from the electricity grid serving our locations and market-based reflects the actual emissions emanating from the electricity the Company has purchased which includes renewable sources;

(c) Scope 3 - emissions into the atmosphere as a consequence of the activities of the Company and derived from sources not owned or controlled by the Company, such as business travel undertaken by employees in their own cars.

	2022	2021
Usage (KwH)		
Company energy consumption used to calculate emissions	166,060	59,160
Emissions (tonnes CO2e)		
Scope 3		
Emissions from business travel in contract hire cars or employee owned vehicles	41	15
Total gross emissions		
Location based	41	15
Market based	41	15
Intensity ratios (tonnes CO2e)		
Scope 3 gross emissions per thousand miles travelled	0.275	0.274

The energy consumption represents business mileage undertaken by AXA employees using their own cars. The increase in the year is representative of the recovery from the pandemic, increasing the amount of travel that has been undertaken by employees during the year.

Internal audit function
The audit committee has reviewed and confirmed that the internal audit function has sufficient resources to enable it to act in an independent and effective manner, without constraint.

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.

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 21 June 2023 and signed on its behalf on 19 July 2023 pursuant to delegated

R. J. A. Moquet
Director

Independent Auditor's Report to the Members of AXA UK PLC

Opinion

We have audited the financial statements of AXA UK PLC (the "company") for the year ended 31 December 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, 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, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the company's future financial performance;
- Challenging the appropriateness of the directors' key assumptions in their forecasts by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios;
- Assessing the historical accuracy of forecasts prepared by the directors;
- Evaluating the key assumptions used and judgements applied by the directors including their consideration of events after balance sheet date in forming their conclusions on going concern;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Independent Auditor's Report to the Members of AXA UK PLC (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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 10, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements such as Data Protection Act, the UK GDPR, the Bribery Act and the Proceeds of Crime and Anti-Money Laundering Act.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considering the risk of acts by the company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as UK tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

Independent Auditor's Report to the Members of AXA UK PLC (continued)

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

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

Lionel Cazali
Lionel Cazali (Jul 19, 2023 13:15 GMT+1)
....
Lionel Cazali (Senior Statutory Auditor)
for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

19 July 2023

AXA UK PLC

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ m	2021 £ m
Administrative Expenses	4	(55)	(47)
Income from shares in group undertakings	5	385	151
Income from other fixed asset investments	6	17	7
Net losses on derivatives and other financial instruments	18	(1)	(1)
Profit on ordinary activities before interest and taxation		346	110
Finance charges	7	(3)	(2)
Net foreign exchange (losses)/gains	9	(1)	2
Profit on ordinary activities before tax		342	110
Profit before tax		342	110
Tax on profit on ordinary activities	10	14	2
Profit for the year		356	112

The notes on pages 21 to 57 form an integral part of these financial statements.

AXA UK PLC

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £ m	2021 £ m
Profit for the year		356	112
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations (net)	10, 25	(181)	(23)
Items that may be reclassified subsequently to profit or loss			
Deficit on revaluation of available for sale financial assets		(3)	(1)
Total comprehensive income for the year		172	88

The notes on pages 21 to 57 form an integral part of these financial statements.

AXA UK PLC

(Registration number: 02937724)
Balance Sheet as at 31 December 2022

	Note	2022 £ m	2021 £ m
Fixed assets			
Intangible assets	13	2	3
Tangible assets	14	12	8
Post-retirement benefit obligation - funded scheme	25	142	376
Investments			
Shares in group undertakings	15	3,274	3,259
Loans to group undertakings	16	250	250
Other financial investments	17	75	55
Derivative financial assets	18	2	-
		3,757	3,951
Current assets			
Debtors	19	185	151
Cash at bank and in hand	20	10	8
		195	159
Creditors: Amounts falling due within one year	22	(229)	(276)
Net current liabilities		(34)	(117)
Total assets less current liabilities		3,723	3,834
Creditors: Amounts falling due after more than one year	23	(52)	(26)
Derivative financial liabilities	18	(1)	(3)
Provisions for liabilities	21	(10)	(10)
Post-retirement benefit obligation - unfunded scheme	25	(20)	(26)
Net assets		3,640	3,769
Capital and reserves			
Called up share capital	26	812	812
Share premium reserve	27	1,050	1,050
Capital redemption reserve	27	716	716
Other reserves	27	284	284
Profit and loss account	27	778	907
Shareholders' funds		3,640	3,769

AXA UK PLC

(Registration number: 02937724)
Balance Sheet as at 31 December 2022 (continued)

Approved by the board on 21 June 2023 and signed on its behalf on 19 July 2023 pursuant to delegated authority by:

Director

AXA UK PLC

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ m	Share premium £ m	Capital redemption reserve £ m	Other reserves £ m	Retained earnings £ m	Total £ m
At 1 January 2022	812	1,050	716	284	907	3,769
Profit for the year	-	-	-	-	356	356
Actuarial loss on defined benefit pension schemes before tax	-	-	-	-	(240)	(240)
Revaluation losses of available for sale financial assets	-	-	-	-	(4)	(4)
Income tax effect	-	-	-	-	60	60
Total comprehensive income	-	-	-	-	172	172
Dividends (36.96p per share)	-	-	-	-	(300)	(300)
Share based payment transactions	-	-	-	-	(1)	(1)
At 31 December 2022	812	1,050	716	284	778	3,640

The notes on pages 21 to 57 form an integral part of these financial statements.

AXA UK PLC

Statement of Changes in Equity for the Year Ended 31 December 2022 (continued)

	Share capital £ m	Share premium £ m	Capital redemption reserve £ m	Other reserves £ m	Retained earnings £ m	Total £ m
At 1 January 2021	1,528	1,050	-	284	976	3,838
Profit for the year	-	-	-	-	112	112
Actuarial loss on defined benefit schemes before tax	-	-	-	-	(8)	(8)
Income tax effect	-	-	-	-	(15)	(15)
Surplus or deficit on revaluation of available for sale financial assets	-	-	-	-	(1)	(1)
Total comprehensive income	-	-	-	-	88	88
Dividends (19.59p per share)	-	-	-	-	(159)	(159)
Other capital redemption reserve movements	(716)	-	716	-	-	-
Share based payment transactions	-	-	-	-	2	2
At 31 December 2021	812	1,050	716	284	907	3,769

The notes on pages 21 to 57 form an integral part of these financial statements.

1 General information

The principal activity of the Company is that of a holding company for AXA's general insurance, health insurance and distribution operations in the UK and the Republic of Ireland.

The Company is a public limited company limited by shares under the Companies Act 2006 and is incorporated and domiciled in the UK. The address of its registered office is:

20 Gracechurch Street
London
EC3V 0BG
UK

These financial statements were authorised for issue by the board on 21 June 2023.

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
The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial investments at fair value, and in accordance with the Companies Act 2006.

Detailed budgets, plans and forecasts have been prepared and reviewed setting out the continued financial position of the AXA UK Group for the next 12 months and a strategic plan to 2028, approved by the board. The directors consider that the uncertainty arising from high inflation and the ongoing impacts of the COVID-19 virus on the UK economy and the Company have continued to create a challenging trading environment with a considerable level of uncertainty. In considering the potential impact on the Company, the directors have prepared various financial projections. The directors believe that the Company is well placed to manage its business risks despite the current uncertain economic outlook, and 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 Annual Report.

Summary of disclosure exemptions
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 payments, provided that for a Company that is a subsidiary, the share based payment arrangement concerns equity instruments of another group entity and that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

(b) 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.

(c) The requirements of paragraph 52, 58 and paragraphs 90, 91 and 93 of IFRS 16 leases.

2 Accounting policies (continued)

(d) 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.

(e) The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

(f) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
paragraph 79(a)(iv) of IAS 1;
paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
paragraph 118(e) of IAS 38 Intangible Assets.

(g) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111, and 134 to 136 of IAS 1 Presentation of Financial Statements.

(h) The requirements of IAS 7 Statement of Cash Flows.

(i) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

(j) The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures.

(k) The requirements of paragraph 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.

Exemption from preparing group accounts

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

The Company has taken advantage of section 401 of the Companies Act 2006 and has not produced consolidated financial statements on the basis that it is a subsidiary undertaking of AXA SA, which prepares consolidated financial statements and is established under the laws of an EEA State.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2022 have had a material effect on the financial statements.

Foreign currency transactions and balances

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in sterling, which is the Company's functional and presentational currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses are recognised in the Profit and Loss account in net foreign exchange gains/(losses).

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through profit or loss are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security.

Translation differences related to changes in amortised cost are recognised in the Profit and Loss account, and other changes in carrying amount are recognised in Other Comprehensive Income.

2 Accounting policies (continued)

Tax
The tax credit for the period comprises current and deferred tax. Tax is recognised in profit or loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. it establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets
Costs associated with major software developments are capitalised where such expenditures are expected to generate future economic benefits and can be reliably measured. The asset is amortised on a straight line basis over its estimated useful life, subject to a maximum period of 15 years.

Tangible assets
The Company accounts for IT equipment using the cost basis, whereby the economic benefit is depreciated over the life of the asset, less any accumulated impairment losses.. IT equipment is depreciated using the straight line method on the basis of its expected useful life, after taking into account the estimated residual value. The expected useful economic life of IT equipment ranges from 3 to 10 years.

Shares in group undertakings
Shares 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.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses arising from the repurchase, settlements, or cancellation are recognised in interest income or interest expense, respectively.

2 Accounting policies (continued)

Provisions

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 that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and at least once every reporting period.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Interim dividends are recognised as a distribution when paid and final dividends are recognised as a liability when approved by shareholders at a board meeting.

2 Accounting policies (continued)

Defined benefit and contribution pension obligations
Group scheme

The Company sponsors the AXA UK pension scheme ("the Scheme"). The Scheme supports a number of companies in the AXA UK Group, through both defined benefit and defined contribution schemes. The defined benefit scheme shares risks between the companies in the AXA UK Group and is not facilitated by a contractual agreement or stated policy to charge the individual companies the net defined benefit cost. Consequently, the Company as the sponsoring entity recognises the entire benefit obligation for the period as prescribed by IAS 19 'Employee benefits' ("IAS 19") for defined benefit plans that share risks between companies under common control.

On an annual basis, an actuarial review of the commitments based on the Scheme's internal rules is performed. The present value of the future benefits paid by the employer, the defined benefit obligation, is calculated annually on the basis of long-term projections of rate of salary increase, inflation rate, mortality, staff turnover, pension indexation and remaining service lifetime. The amount recorded in the Balance Sheet for employee defined benefit plans is the difference between the present value of the defined benefit obligation and the market value at the balance sheet date of the corresponding invested plan assets after adjustment for any minimum funding requirement or any asset ceiling effect. The recognition of the defined benefit surplus is assessed in accordance with IAS 19 and IFRIC 14 'The limit on a defined benefit asset, minimum funding requirements and their interaction'.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in shareholders' equity (in Other Comprehensive Income) in full in the period in which they occur. Similarly, the actual return on assets, excluding the net interest income on assets, is recognised in shareholders' equity. The impact in the Profit and Loss Account mainly relates to the current service cost; and the net interest on the amount recorded in the opening balance sheet (unwinding of the discount is applied to the net liability/asset at start of the annual period, taking into account contributions and benefits payments during the period). The associated costs of providing pensions are recharged to the respective entities, as the contributions become payable in accordance with the rules of the scheme.

Past service cost represents the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment to a defined benefits plan. It is recognised immediately in full in the Profit and Loss Account when incurred.

2 Accounting policies (continued)

Defined benefit pension obligation
Unfunded schemes

AXA Unapproved Top-up scheme

The AXA Unapproved Top-up Scheme is a defined benefit scheme that was previously split between the Company and AXA Insurance plc. During 2018 the obligations held within AXA Insurance plc were transferred to the Company. In accordance with the requirements of IAS 19, the financial statements reflect the present value of the defined benefit obligation at the end of the reporting period. The scheme does not hold any assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The net interest cost of the scheme is recognised in finance charges within the profit and loss account, representing an increase in the defined benefit obligation that arises from the passage of time. Actuarial gains and loss are shown within the statement of comprehensive income.

The associated deferred tax is disclosed within the debtors line item.

CEO unfunded defined benefit scheme

The Winterthur Financial Services UK Limited unfunded defined benefit scheme was transferred to the Company during 2018, and is reflected in the financial statements as the present value of the defined benefit obligation at the end of the reporting period. The scheme does not hold any assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The net interest cost of the scheme is recognised under finance charges within the profit and loss account, representing an increase in the defined benefit obligation that arises from the passage of time. Actuarial gains and loss are shown within the statement of comprehensive income.

Financial instruments

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, intangible assets, deferred tax assets, deferred tax liabilities and employee benefits plan.

The Company recognises financial assets and financial liabilities in the balance sheet when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

2 Accounting policies (continued)

Classification and measurement
Financial instruments are classified at inception into one of the following categories, which then determines the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:
· financial assets at amortised cost;
· financial assets at fair value through other comprehensive income (FVOCI); or
· financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:
· financial liabilities at amortised cost; or
· financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at FVTPL.

If a financial asset meets the amortised cost criteria, the Company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income (FVOCI)
A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVPTL:
· the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through the profit or loss (FVTPL)
Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost
All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss
Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

2 Accounting policies (continued)

Derecognition

Financial assets

The Company derecognises a financial asset when:
- the contractual rights to the cash flows from the financial asset expire;
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Impairment of financial assets

Measurement of Expected Credit Losses

The Company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVPTL, namely financial assets that are debt instruments.

The Company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the Company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the Company recognises the lifetime ECL.

The Company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

2 Accounting policies (continued)

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the profit and loss account and are reflected in accumulated provision balances against each relevant financial instruments balance.

Derivative financial instruments
Derivative financial instruments comprise currency swaps, used to mitigate risk associated with foreign currency denominated loans and fluctuations in the AXA share price.

The Company has not applied hedge accounting, as such all derivative financial instruments are recognised in the balance sheet at fair value. The best evidence of the fair value of a derivative at initial recognition is the transaction price, that is, the fair value of the consideration given or received. The fair value of a derivative that is not traded in an active market is determined through valuation techniques, whose variables include mostly data from observable markets. Valuation techniques include using recent arm's length market transactions between knowledgeable willing parties, if available; reference to the currency fair value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models.

In the balance sheet, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

3 Critical accounting judgements and key sources of estimation uncertainty

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors consider the following areas to involve significant estimates or judgements:

a) estimates of subsidiary valuations used in the assessment of the carrying value of investment in subsidiaries - note 15
b) estimates of defined benefit pension obligation - note 25

4 Administrative expense

The administrative expense £55m (2021: £47m) is analysed further in the table below.

4 Administrative expense (continued)

	2022 £m	2021 £m
Administration expenses	43	33
Movement in provisions	-	2
Defined contribution scheme - contributions	12	8
Share-based payments	-	3
Operating lease expense	-	1
	55	47

5 Income from shares in group undertakings

Dividends of £369m were received from Guardian Royal Exchange plc and £16m Thinc UK Group Limited. In 2021 £151m was received from Guardian Royal Exchange plc.

6 Income from other fixed asset investments

	2022 £ m	2021 £ m
Interest receivable from fellow subsidiary undertakings	8	3
Income from other investments	2	1
Interest income on the defined benefit plan (note 25)	7	3
	17	7

7 Finance charges

	2022 £ m	2021 £ m
Other loans from ultimate parent company	-	1
Other loans from fellow subsidiary undertakings	3	1
	3	2

8 Auditor's remuneration

	2022 £'000	2021 £'000
Audit services		
Fees payable to the Company's auditors for the audit of the statutory accounts	41	37
Fees payable to the Company's auditors for the audit of its subsidiaries	1,960	1,778
Non audit services		
Non-Audit related assurance services from the Company's auditor, including validation of IMA and SFCR	491	436
Total	2,492	2,251

9 Net foreign exchange (losses)/gains

	2022 £ m	2021 £ m
Loans to group undertakings (note 16)	-	(1)
Foreign currency loan note (note 22)	(1)	3
	(1)	2

10 Income tax

Tax credited in the profit and loss account

	2022 £ m	2021 £ m
Current taxation		
UK corporation tax adjustment to prior periods	-	34
Deferred taxation		
Arising from origination and reversal of temporary differences	(14)	(36)
Tax credit in the profit and loss account	(14)	(2)

10 Income tax (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ m	2021 £ m
Profit before tax	342	110
Corporation tax at standard rate	65	21
(Decrease)/increase in current tax from adjustment for prior periods	(1)	6
Increase from effect of revenues exempt from taxation	(74)	(29)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	1	2
Deferred tax credit relating to changes in tax rates or laws	(5)	(2)
Total tax credit	(14)	(2)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.

Deferred taxes at the balance sheet date are measured using these enacted tax rates and reflected in these financial statements.

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised in other comprehensive income:

	2022			2021		
	Before tax £ m	Tax (expense) benefit £ m	Net of tax £ m	Before tax £ m	Tax (expense) benefit £ m	Net of tax £ m
Surplus or deficit on revaluation of available for sale financial assets	(4)	1	(3)	(1)	-	(1)
Remeasurements of post employment benefit obligations (net)	(240)	59	(181)	(8)	(15)	(23)
	(244)	60	(184)	(9)	(15)	(24)

10 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities

2022	Asset £ m	Liability £ m	Net deferred tax £ m
Accelerated tax depreciation	1	-	1
Pension benefit obligations	-	(19)	(19)
Share-based payment	1	-	1
Tax losses carry-forwards	63	-	63
Other items	2	-	2
	67	(19)	48

2021	Asset £ m	Liability £ m	Net deferred tax £ m
Accelerated tax depreciation	1	-	1
Pension benefit obligations	-	(72)	(72)
Share-based payment	1	-	1
Tax losses carry-forwards	42	-	42
Other items	2	-	2
	46	(72)	(26)

Deferred tax movement during the year:

	At 1 January 2022 £ m	Recognised in income £ m	Recognised in other comprehensive income £ m	At 31 December 2022 £ m
Accelerated tax depreciation	1	-	-	1
Pension benefit obligations	(72)	(6)	59	(19)
Share-based payment	1	-	-	1
Tax losses carry-forwards	42	21	-	63
Other items	2	(1)	1	2
	(26)	14	60	48

10 Income tax (continued)

Deferred tax movement during the prior year:

	At 1 January 2021 £ m	Recognised in income £ m	Recognised in other comprehensive income £ m	At 31 December 2021 £ m
Accelerated tax depreciation	1	-	-	1
Pension benefit obligations	(49)	(8)	(15)	(72)
Share-based payment	-	1	-	1
Tax losses carry-forwards	-	42	-	42
Other items	1	1	-	2
	(47)	36	(15)	(26)

The Company has a total of £245m unrecognised tax losses at the end of the year (2021: £245m).

11 Directors' remuneration

The directors are employed and paid by companies in the AXA Group and their directorships are held as part of that employment. The emoluments of certain directors disclosed below are in respect of qualifying services to the AXA Group as a whole.

	2022 £'000	2021 £'000
Remuneration	3,413	3,732
Sums paid to third parties for directors' services	755	970
Directors amount under long term incentive schemes in respect of qualifying services	855	-
	5,023	4,702

Ms. T. Foley was also a director of AXA Insurance UK plc, during the year and her emoluments, which relate to her services to the AXA Group as a whole, are disclosed in the financial statements of that company.

In respect of the highest paid director:

	2022 £'000	2021 £'000
Remuneration	1,852	1,998
Benefits under long-term incentive schemes (excluding shares)	690	-
	2,542	1,998

12 Staff costs

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

	2022 £ m	2021 £ m
Wages and salaries	75	56
Social security costs	10	6
Pension costs, defined contribution scheme	11	9
	96	71

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

	2022 No.	2021 No.
Administration and support	1,060	828
Other departments	6	4
	1,066	832

The amounts disclosed above represent those employees that hold contracts of employment with the Company.

13 Intangible assets

	Software Development £ m
Cost	
At 1 January 2022	16
Disposals	(10)
At 31 December 2022	6
Amortisation	
At 1 January 2022	13
Amortisation charge	1
Amortisation eliminated on disposals	(10)
At 31 December 2022	4
Carrying amount	
At 31 December 2022	2
At 31 December 2021	3

13 Intangible assets (continued)

Software development is all internally developed, with an expected finite life of 15 years. The amortisation charge of £0.9m (2021 £0.9m) has been recorded within administrative expenses.

14 Tangible assets

	Tangible Assets £ m
Cost or valuation	
At 1 January 2022	12
Additions	6
Disposals	(2)
At 31 December 2022	16
Depreciation	
At 1 January 2022	4
Charge for the year	2
Eliminated on disposal	(2)
At 31 December 2022	4
Carrying amount	
At 31 December 2022	12
At 31 December 2021	8

Tangible fixed assets are IT equipment in use by the AXA UK group. The depreciation charge of £0.5m (2021: £1.3m) has been recorded within administrative expenses.

15 Investments

Subsidiaries	**£ m**
Cost or valuation	
At 1 January 2021	3,259
At 31 December 2021	3,259
At 1 January 2022	3,259
Additions	15
At 31 December 2022	3,274
Carrying amount	
At 31 December 2022	3,274

15 Investments (continued)

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held 2022	2021
AXA Insurance plc	Holding company	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
AXA Insurance UK plc	General insurance	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
Swiftcover Insurance Services Limited	Dormant	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
AXA General Insurance Limited	Dormant	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
The Royal Exchange Assurance	Dormant	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
AXA UK Pension Trustees Limited	Nominee	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	99%	99%
AXA Ireland Limited	Holding company	Wolfe Tone House, Wolfe Tone Street, Dublin 1 Ireland	Ordinary shares	100%	100%
AXA Holdings Ireland Limited	Holding company	Wolfe Tone House, Wolfe Tone Street, Dublin 1 Ireland	Ordinary shares	100%	100%
AXA Insurance DAC	General Insurance	Wolfe Tone House, Wolfe Tone Street, Dublin 1 Ireland	Ordinary shares	100%	100%
AXA Ireland Pension Trustees Limited	Nominee	Wolfe Tone House, Wolfe Tone Street, Dublin 1 Ireland	Ordinary shares	100%	100%
AXA Pension Fund Ireland Limited	Pension fund	Wolfe Tone House, Wolfe Tone Street, Dublin 1 Ireland	Ordinary shares	100%	100%

15 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held 2022	2021
AXA Assistance Ireland Limited	Motor rescue & claims handling	Wolfe Tone House, Wolfe Tone Street, Dublin 1 Ireland	Ordinary shares	49%	49%
AXA Group Services Limited	Management Services	Wolfe Tone House, Wolfe Tone Street, Dublin 1 Ireland	Ordinary shares	100%	100%
AXA Services Limited	Management services	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
Ignition New Business Solutions*	Marketing	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
Guardian Royal Exchange plc*	Holding company	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
AXA Scotland Limited*	Managing Partner	13 Queen's Road, Aberdeen, AB15 4YL UK	Ordinary shares	100%	100%
Winterthur 1 Limited*	Dormant	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
AXA PPP healthcare limited	Health insurance	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
AXA PPP Healthcare Group Limited	Holding company	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
AXA Health Services Limited	Management services	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
PPP Taking Care Limited	Telecare services	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%

15 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held 2022	2021
AXA ICAS Limited	Counselling and advisory services	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
AXA ICAS Occupational Health Services Limited	Occupational health and consulting services	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
AXA PPP Administration Services	Management services	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
Health-On-Line Company UK Limited	Healthcare intermediary	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
The Permanent Health Company Limited	Healthcare intermediary	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
Thinc Holdings Limited	Holding company	20 Gracechurch Street, London, EC3V 0BG London	Ordinary shares	100%	100%
Thinc Group Limited	Holding company	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
SBJ Group Limited*	Holding company	20 Gracechurch Street, London, EC3V 0BG UK	Ordinary shares	100%	100%
Doctor at Hand Diagnostics Limited	Healthcare services	20 Gracechurch Street, London, EC3V 0BG	Ordinary shares	50%	50%
AXA Health Limited	Health insurance	20 Gracechurch Street, London, EC3V 0BG	Ordinary shares	100%	100%

* indicates direct investment of the Company

Partnership interests

The Company is a Limited Partner of AXA Scotland Limited Partnership.

15 Investments (continued)

Dissolutions

On 21 March 2023 Thinc Personal Consulting Limited was dissolved.

Additions

The increase arose through an internal restructure in which the Company's previous indirect holding in SBJ Group Limited was acquired for £15m from Thinc UK Group Limited, following the dissolution of Thinc UK Group Limited.

Impairments

An impairment review of AXA UK plc's subsidiaries was conducted at 31 December 2022.

For SBJ Group Limited the calculation method involved comparison of net assets to carrying value of subsidiaries. The assessment showed that an impairment was not required.

For GRE Plc the calculation used cash flow projections based upon business plans approved by management, covering a period of 3 years and a risk adjusted discount rate of 8.5% (UK) and 7.73% (Ireland). Cash flows beyond this period were extrapolated using a steady growth rate of 2.64% (UK) and 2.64% (Ireland). A comparison between the carrying value and value in use, showed that an impairment was not required.

16 Loans to group undertakings

	2022 £ m	2021 £ m
Balance at 1 January	250	268
Disposals at cost	-	(19)
Foreign currency gain	-	1
Balance at 31 December	250	250

17 Other financial investments

	2022 £ m	2021 £ m
Shares and other variable yield securities and units in unit trusts	1	1
Debt securities and other fixed income securities	74	54
Total financial assets	75	55

The debt securities and other fixed income securities recorded above, all represent listed debt. The total loss allowance recognised against these at 31 December 2022 was £27k (2021: £19k).

The cost of investments held at 31 December 2022 was £75m (2021: £56m).

18 Derivatives

The primary objective of derivative instruments is to provide economic hedging of a risk. Economic hedging strategies include (i) managing interest rate exposures on loans and borrowings, (ii) managing exchange risk on foreign currency denominated loans and borrowings, and (iii) managing equity risk on liabilities linked to share prices.

In the narrative tables below, both notional and fair value amounts are shown. The notional amount is the most commonly used measure of volume in the derivatives market, however, it is not used as a measure of risk because the notional amount greatly exceeds the possible credit market loss that could arise from such transactions, as it does not represent the amounts actually exchanged by both parties.

The fair value of derivatives that are not traded in active markets is determined by using recognised valuation techniques, as listed in the 'fair value estimation' accounting policy. The inputs to the valuation techniques are largely derived from observable market data.

The Company has entered into derivative contracts for the below reasons:

(a) To offset the effects of foreign currency translation relating to the loans to group undertaking (note 16) and borrowings from subsidiaries (note 22), as well as tie the interest rates of these loans to the London Inter-bank Offer Rate plus an applicable margin.

(b) To offset the effects of movement in the AXA share price on liabilities owing as part of the employee share scheme.

Further details of these derivative instruments are provided in the table below:

	2022			2021		
	Contractual / Notional Amount £ m	**Asset £ m**	**Liability £ m**	**Contractual / Notional Amount £ m**	**Asset £ m**	**Liability £ m**
Foreign exchange and interest rate swaps	73	2	(1)	81	-	3

The total loss for the year on derivative instruments recognised in the Profit and Loss account is £1m loss (2021: £1m loss), of which £nil was a realised loss (2021: £nil realised loss).

19 Debtors

	2022 £ m	2021 £ m
Amounts due within one year		
Receivables from related parties	132	148
Income tax asset	3	-
Accrued income	2	3
Deferred taxation	48	-
Total	185	151

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

The company's exposure to credit and market risks, including maturity analysis, relating to trade and other debtors is disclosed in note 31 "Management of financial risk".

20 Cash and cash equivalents

	2022 £ m	2021 £ m
Cash in bank and on hand	10	8

21 Provisions for liabilities

	Restructuring £ m	Employee benefits £ m	Total £ m
At 1 January 2022	8	2	10
At 31 December 2022	8	2	10

Restructuring
Provision is made for the estimated costs of restructuring activity in the AXA UK Group.

Employee benefits
The provision represents long term employee benefits associated with the AXA UK Group pension scheme and Share-based payments.

22 Creditors - amounts falling due within one year

	2022 £ m	2021 £ m
Loans and borrowings	1	49
Amounts owed to group undertakings	216	216
Income tax liability	-	6
Accrued and deferred income	12	5
Total	229	276

The company's exposure to market and liquidity risks, including maturity analysis, relating to trade and other creditors is disclosed in note 31 "Management of financial risk".

23 Creditors - amounts falling due after more than one year

	2022 £ m	2021 £ m
Loans and borrowings (note 24)	52	-
Deferred tax liabilities	-	26
Total	52	26

24 Analysis of borrowings with creditors

	2022 £ m	2021 £ m
Loans and borrowings (notes 22, 23)	53	49
Total	53	49

	2022 £ m	2021 £ m
Maturity of loans		
Repayable within one year	1	49
Repayable within two to five years	52	-
Total	53	49

In 2019 the Company entered into a loan from a subsidiary undertaking, AXA Insurance DAC for EUR 58m (£53m) maturing on 31 July 2022. The loan term has subsequently been extended to 31 July 2025 with a fixed interest rate of 1.88%. The Company has entered into a foreign exchange forwards with AXA SA, the effect of which was to convert the principal to £53m on maturity.

The Company has in place a £300m revolving loan facility with its ultimate parent company, AXA SA, which was drawn upon during the year and subsequently repaid. This facility lasts for a period of 5 years.

24 Analysis of borrowings with creditors (continued)

Net foreign exchange losses relating to borrowings denominated in foreign currency amounted to £1m gain (2021: loss £3m).

The company's exposure to market and liquidity risks, including maturity analysis, relating to loans and borrowings is disclosed in note 31 "Management of financial risk".

25 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 accurately to 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 individual entities, as such the Company as the legal sponsor of the scheme has recognised the net defined benefit cost within the financial statements. On 31 August 2013, the AXA UK Pension Scheme closed to both new 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 pension scheme is targeted to be fully funded by 31 March 2031. 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. Following the 2021 triennial actuarial valuation, it was agreed that contributions would only be required if the funding deficit was greater than the pre-agreed anticipated level at each 31 March. The scheme was ahead of plan when assessed at 31 March 2022, and therefore no contributions are currently required. 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 project cashflows on a best estimate basis.

An internal review by AXA UK of the defined benefit scheme, revealed an IAS 19 surplus of £142m as at 31 December 2022 (£376m surplus as at 31 December 2021). 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 £27m (2021: £22m).

The trust deed provides the Company with an unconditional right either to a reduction in future contributions or a refund of surplus assets assuming the gradual settlement of the scheme liabilities over its life. In addition, the trustees do not have a unilateral right to a refund and the Company has the ability to gain the economic benefit from any surplus. Based on these rights, the surplus asset is recognised in full.

25 Pension and other schemes (continued)

AXA Unapproved Top-up Scheme

The AXA Unapproved Top-Up Scheme defined benefit scheme, was previously split between the Company and AXA Insurance plc. The obligations as at 30 June 2017 of £26m held within AXA Insurance plc, were acquired by the Company, resulting in the directors of the Company assuming the entire responsibility for the governance of the plan, scheme administration and obligations.

The AXA Unapproved Top-up Scheme has been closed to new members since 1999. For a closed scheme, service cost, as determined under the projected unit credit method, will increase as members approach retirement. An external actuarial valuation was performed by qualified actuaries and is £18m as at 31 December 2022.

The scheme is an unfunded arrangement and therefore no Company contributions were paid during the accounting period or are to be paid in the future. However, the Company has paid the current pension payments of the scheme of £1.7m (2021: £1.0m).

CEO Unfunded defined benefit scheme

The unfunded defined benefit scheme offers certain pension benefits upon retirement, on a non-contributory basis, to certain managers who were employed prior to June 1989.-The obligations as at 30 June 2017 of £3m held within Winterthur Financial Services UK Limited, were acquired by the Company. The expected cost of this benefit at has been assessed in accordance with the advice of an independent qualified actuary based on the latest actuarial assessment as £2m as at 31 December 2022.

The scheme is an unfunded arrangement and therefore no Company contributions were paid during the accounting period or are to be paid in the future. However, the Company has paid current claims since acquisition.

The table below provides a summary of where the post-retirement amounts are included within the financial statements.

	2022 £ m	2021 £ m
Balance sheet:		
Funded Scheme	142	376
Unfunded Schemes	(20)	(26)
Profit and loss account charge included in ordinary activities:		
Defined benefit pension charges	3	6
Defined contribution charges	56	53

Defined Benefit pension charges	2022 £m	2021 £m
Administration cost of the defined benefit scheme	10	9
Interest cost on the liability	(94)	(62)
Expected return on plan assets	101	65
Net interest income on the defined benefit scheme (note 6)	7	3
Total defined benefit pension charges	3	6

25 Pension and other schemes (continued)

Amounts taken to the Statement of Comprehensive Income

	2022 £ m	2021 £ m
Defined benefit pension - remeasurement gain	(261)	(28)
Asset backed contribution	21	20
Amounts recognised in the Statement of Comprehensive Income	(240)	(8)

Defined benefit pension schemes

AXA UK pension scheme

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2022 £ m	2021 £ m
Fair value of scheme assets	3,877	6,088
Present value of scheme liabilities	(3,735)	(5,712)
Defined benefit pension scheme surplus	142	376

Scheme assets

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

	2022 £ m	2021 £ m
Fair value at start of year	6,088	6,081
Return on plan assets, excluding amounts included in interest income/(expense)	101	65
Actuarial gains and losses arising from changes in financial assumptions	(2,138)	22
Employer contributions paid by the Company	10	107
Benefits paid	(205)	(207)
Asset backed contribution	21	20
Fair value at end of year	3,877	6,088

Analysis of assets

The major categories of scheme assets are as follows:

None of the properties included within plan assets are occupied by the Group.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

25 Pension and other schemes (continued)

	2022			2021		
	Total Quoted £m	**Total Unquoted £m**	**Total £ m**	**Total Quoted £ m**	**Total Unquoted £ m**	**Total £ m**
Equities	-	3	3	-	4	4
Government	1,894	-	1,894	2,511	-	2,511
Corporate	949	-	949	952	-	952
Securitised debt	157	-	157	313	-	313
Debt Securities	3,000	-	3,000	3,776	-	3,776
Real estate	-	376	376	-	313	313
Derivatives	(881)	-	(881)	95	(6)	89
Cash and cash equivalents	70	-	70	166	-	166
Loans	-	283	283	-	222	222
Investment funds	-	793	793	-	1,225	1,225
Other Assets	(811)	1,076	265	261	1,441	1,702
Investment in limited partnership	-	233	233	-	293	293
At 31 December	2,189	1,688	3,877	4,037	2,051	6,088

Scheme liabilities

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

	2022 £ m	2021 £ m
Present value at start of year	5,712	5,798
Current service cost	10	9
Actuarial gains and losses arising from changes in financial assumptions	(2,110)	(116)
Actuarial gains and losses arising from experience adjustments	204	114
Actuarial gains and losses arising from changes in demographic assumptions	30	52
Interest cost	94	62
Benefits paid	(205)	(207)
Present value at end of year	3,735	5,712

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2022 %	2021 %
Discount rate	4.96	1.88
Future pension increases	2.99	3.07
Inflation	2.30	2.40

25 Pension and other schemes (continued)

The discount and inflation rates disclosed within the above table represent single equivalent rates based on the cashflow profile of the scheme. The 2022 and 2021 valuations have been calculated on a full yield curve rather than a single rate, as this methodology provides a more accurate approach that is better aligned with a general move in the market to use a market consistent approach in valuing the liabilities.

Post retirement mortality assumptions

	2022 Years	2021 Years
Current UK pensioners at retirement age - male	27.00	27.00
Current UK pensioners at retirement age - female	30.00	29.00

The following tables were used for the 2022 actuarial review:

Mortality for male members is assumed to follow the standard SAPS S3 tables applicable to each individual's year of birth, with a 90% multiplier for deferred pensioners, and a 90% multiplier for pensioners / dependants, and no age rating. Future improvements in these mortality rates are in line with those applying from 2013 in accordance with the CMI 2021 Core Projections Model, with a long-term improvement rate of 1.25% pa, the default smoothing parameter, and no initial addition to mortality improvements, and no weighting given to national mortality experience data from 2020 or 2021.

Mortality for female members is assumed to follow the standard SAPS S3 tables applicable to each individual's year of birth with a 92% multiplier for deferred pensioners, and an 88% multiplier for pensioners / dependants, and no age rating. Future improvements in these mortality rates are AXA UK plc 7 January 2023 in line with those applying from 2013 in accordance with the CMI 2021 Core Projections Model, with a long-term improvement rate of 1.25% pa, the default smoothing parameter, and no initial addition to mortality improvements, and no weighting given to national mortality experience data from 2020 or 2021.

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	2022		2021	
	+ 0.5%	**- 0.5%**	**+ 0.1%**	**- 0.1%**
Adjustment to discount rate	**£ m**	**£ m**	**£ m**	**£ m**
Present value of total obligation	(219)	242	(433)	490

	2022		2021	
	+ 0.5%	**- 0.5%**	**+ 0.1%**	**- 0.1%**
Adjustment to rate of inflation	**£ m**	**£ m**	**£ m**	**£ m**
Present value of total obligation	155	(125)	261	(254)

The defined benefit plans are exposed to market investment risk, interest rate risk, inflationary risk and longevity risk. A decline in asset market values will immediately increase the balance sheet liability and a decrease in corporate bond yields will result in an increase in plan liabilities even if this effect will be partially offset by an increase in the asset value of debt securities. An increase in inflation rate or an increase in life expectancy will result in higher plan liabilities.

The sensitivity analysis is performed on a plan by plan basis using the projected unit credit method and based on a change in an assumption whilst holding all other assumptions constant.

25 Pension and other schemes (continued)

Maturity analysis of benefit payments

The following payments are estimated benefits to be paid in the future years out of the defined benefit plan obligation. The estimated payments are subject to uncertainty as they will notably be driven by economics of future years.

	2022 £ m
2023	245
2024	210
2025	214
2026	221
2027	228
Between 5 years and 10 years	1,186
Beyond 10 years	5,617
Total estimated payments	7,921

CEO Unfunded defined benefit scheme

Scheme liabilities

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

	2022 £ m	2021 £ m
Present value at start of year	2	2
Present value at end of year	2	2

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

Post retirement mortality assumptions

	2022 Years	2021 Years
Current UK pensioners at retirement age - male	27.00	27.00
Current UK pensioners at retirement age - female	30.00	29.00

25 Pension and other schemes (continued)

AXA Unapproved Top-up scheme

Scheme liabilities

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

	2022 £ m	2021 £ m
Present value at start of year	24	25
Actuarial gains and losses arising from changes in financial assumptions	(5)	-
Actuarial gains and losses arising from experience adjustments	1	1
Benefits paid	(2)	(2)
Present value at end of year	18	24

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

Post retirement mortality assumptions

	2022 Years	2021 Years
Current UK pensioners at retirement age - male	27.00	27.00
Current UK pensioners at retirement age - female	30.00	29.00

26 Called up share capital

	2022 £ m	2021 £ m
Allotted and fully paid 811.6 million (2021: 811.6 million) ordinary shares of £1 each	812	812

27 Reserves

The amount reported in the balance sheet as other reserves is further analysed in the below table:

	2022 £ m	2021 £ m
Merger Reserves	264	264
Capital Contribution	20	20
Total	284	284

27 Reserves (continued)

Merger reserves
Created through the conversion of amounts previously reported in the share premium reserve.

Capital contribution reserve
Represents amounts received from Parent undertakings.

Share premium
Represents the difference between the par value and the amount for shares issued in 1996.

Retained earnings
Represents the accumulated profits and losses of the Company.

28 Contingent liabilities

The Company has guaranteed to provide continued financial support to a number of subsidiary companies for a period of twelve months from the reporting date of the subsidiaries, subject to these companies remaining within the AXA UK group of companies during this period. In the case of any of these companies that have received loans from the Company or any of its subsidiary companies, it is not intended to demand repayment of these loans during the period unless they have sufficient resources to repay the amounts due.

The Company has provided a maximum £1,200m guarantee to the trustees of the AXA UK Group Pension Scheme in respect of additional contributions and statutory debt obligations due by the Group. The guarantee ranks pari-passu to senior unsecured creditors. The guarantee cap amortises over time in line with a pre-agreed schedule subject to the value of the technical provisions deficit. AXA SA has provided a counter–guarantee at a cost of 0.1% per annum.

29 Related party transactions

During the course of the year, the Company has entered into a number of transactions with related parties through its capacity as a holding company. These transactions are disclosed within the various notes to the financial statements.

30 Immediate and ultimate parent

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.

The Company is an immediate subsidiary of AXA SA, who is the parent undertaking of the smallest group in which these financial statements are consolidated. The Company's ultimate parent and controlling company is AXA SA.

31 Management of financial risk

The Company, as the holding company for the AXA UK group within the UK and Ireland, considers that the risk framework of the group as a whole is the key to understanding the business of the Company. Where specific risks or mitigation actions exist for the Company these have been specifically referred to.

Financial risk management objectives and policies

The Company is exposed to financial risk through the inherent uncertainty in its subsidiaries undertaking insurance business affecting its financial assets and liabilities. The most important components of this risk are market (including interest rate and price risks), credit and liquidity risks.

The Company forms part of the AXA UK group which has established a risk management framework on how each risk is identified, measured, monitored and controlled through Risk Committees advising the Company Chief Executive and individual business unit Chief Executives. A dedicated financial risk management function supports the individual business units by ensuring that a full understanding and control of financial risks is incorporated into management decision making and procedures.

Financial risks are considered from both a shareholder and a policyholder liability perspective with the adoption of the appropriate risk policies to cover different situations, such as insurance contracts, where the principal technique is to match assets to liabilities, non-investment credit risk and liquidity risk.

Market risk

Market risk is defined as the risk that movements in market factors, such as interest rates and exchange rates and the market valuation of equities, bonds and property impact adversely the value of, or income from, the financial assets. Also, to the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate risk.

For an insurance company, market risk appetite is required to optimise investment performance while reflecting the aim of retaining prudent margins to avoid insolvency. In order to control market risk, assets are chosen where relevant to match a range of underlying liability characteristics such as their mean duration, inflation and currency factors. In addition, an investment risk appetite framework is in place to monitor and control exposure to the different types of market risk within the appropriate investment risk budgets.

The AXA UK Investment Committee is responsible for reviewing and monitoring the strategic asset allocation in respect of the invested assets of AXA UK group companies. Investment guidelines detail the constraints to which the invested assets must be managed by the fund managers. The strategic asset allocation takes into account the interaction between assets and liabilities. Regular risk monitoring and reporting is in place to mitigate the potential adverse impact of market risks on the invested assets. A concentration risk framework is in place to manage the counterparty exposure.

Derivative contracts are used for the purposes of efficient portfolio management and/or the reduction of market risk. For example, interest rate swaps are used for the purpose of managing interest rate risk and cross currency swaps and currency forward contracts are used for the purpose of managing exchange rate risk.

31 Management of financial risk (continued)

Interest rate risk

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. An increase of 100 basis points in interest rates would result in increased profit for the period of £0.1m (2021: £0.1m increased profit) plus unrealised losses in other comprehensive income of £1.7m (2021: £1.9m). A decrease of 100 basis points in interest rates would result in reduced profit for the period of £0.1m (2021: £0.1m reduced profit) plus unrealised gains in other comprehensive income of £1.8m (2021: £2.1m).

The fair value of debt securities of £74m (2021: £54m) relates only to fixed interest securities (note 17). Debt securities with fixed interest rate are exposed to fair value interest rate risk but not cash flow interest rate risk.

Credit risk

Credit risk can be defined as the risk of capital or income loss resulting from counterparty default or issuer credit downgrades affecting financial assets.

For investment related items credit risk is actively accepted in anticipation of the potential returns to be made but within closely controlled limits set and monitored as part of the concentration risk framework and the investment risk appetite framework. The purpose of the concentration risk framework is to limit the exposure to an individual counterparty.

Non-investment items, which generate credit risk generally arise as a by-product of the AXA UK group's insurance operations, such as premium debts from policyholders and intermediaries, reinsurance balances and other operational debts. Exposure is controlled via different processes including the active monitoring of premium debt.

The source of the credit rating is AXA Group Risk Management.

Credit risk assets by economic exposure are analysed below, the spread is managed to ensure that there is no significant concentration of credit risk. The amounts in the below table represent the carrying value of financial assets.

2022 Rating	AA £ m	A £ m	BBB £ m	None £ m	Total £ m
Debt Securities	10	29	35	-	74
Derivatives	-	-	-	2	2
Other debtors	-	-	-	132	132
Cash	-	10	-	-	10
Total	10	39	35	134	218

2021 Rating	AAA £ m	AA £ m	A £ m	BBB £ m	None £ m	Total £ m
Debt Securities	-	12	10	32	-	54
Other debtors	-	-	-	-	148	148
Cash	6	-	2	-	-	8
Total	6	12	12	32	148	210

31 Management of financial risk (continued)

Liquidity risk

Liquidity risk is defined as the risk that the AXA UK group, irrespective of solvency and profitability, may not have available sufficient cash (or near cash assets or funding facilities) to pay obligations when they fall due at reasonable cost.

Liquidity risk could arise from illiquid asset holdings, inappropriate asset/liability matching or inexact forecast operating liquidity requirements resulting in insufficient short-term (including intra-day) and longer-term liquidity.

2022	Less than 1 year £ m	1-2 years £ m	3-5 years £ m	Over 5 years £ m	Equities £ m	Total £ m
Financial assets						
Equity and mutual funds	-	-	-	-	1	1
Debt Securities	23	43	-	8	-	74
Loans	-	-	250	-	-	250
Other debtors	137	-	-	-	-	137
Cash at bank and in hand	10	-	-	-	-	10
Total non-derivative financial assets	**170**	**43**	**250**	**8**	**1**	**472**
Derivative financial assets	2	-	-	-	-	2
Total financial assets (note 16, 17, 18, 19 & 20)	**172**	**43**	**250**	**8**	**1**	**474**

2022	Less than 1 year £ m	1-2 years £ m	3-5 years £ m	Over 5 years £ m	Total £ m
Financial liabilities					
Other creditors (note 22 & 23)	281	-	-	-	281
Total non-derivative financial liabilities	**281**	-	-	-	**281**
Derivative financial instruments (note 18)	1	-	-	-	1
Total financial liabilities	**282**	-	-	-	**282**

31 Management of financial risk (continued)

2021	Less than 1 year £ m	1-2 years £ m	3-5 years £ m	Over 5 years £ m	Equities £ m	Total £ m
Financial assets						
Equity and mutual funds	-	-	-	-	1	1
Debt Securities	11	16	17	10	-	54
Loans	-	-	250	-	-	250
Other debtors	151	-	-	-	-	151
Cash at bank and in hand	8	-	-	-	-	8
Total non-derivative financial assets	170	16	267	10	1	464
Total financial assets (note 16, , 17, 18, 19 & 20)	170	16	267	10	1	464

2021	Less than 1 year £ m	1-2 years £ m	3-5 years £ m	Over 5 years £ m	Total £ m
Financial liabilities					
Other creditors (note 22 & 23)	276	26	-	-	302
Total non-derivative financial liabilities	276	26	-	-	302
Derivative financial instruments (note 18)	3	-	-	-	3
Total financial liabilities	279	26	-	-	305

Fair value estimation

The following table provides an analysis of financial instruments carried at fair value, by valuation method, grouped into levels described below based on the degree to which fair value is observable.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

31 Management of financial risk (continued)

Financial assets and liabilities presented in the fair value measurement hierarchy at 31 December 2022:

Description	2022 £ m	Level 1 £ m	Level 2 £ m	Level 3 £ m
Financial assets at fair value through profit and loss:				
Derivative financial instruments	2	2	-	-
Units in unit trusts	1	-	1	-
Available for sale financial instruments:				
Debt securities	74	59	15	-
Total financial assets	77	61	16	-

Description	2022 £ m	Level 1 £ m	Level 2 £ m	Level 3 £ m
Financial liabilities at fair value through profit and loss:				
Derivative financial instruments	(1)	(1)	-	-
Total financial liabilities	(1)	(1)	-	-

Financial assets and liabilities presented in the fair value measurement hierarchy at 31 December 2021:

Description	2021 £ m	Level 1 £ m	Level 2 £ m	Level 3 £ m
Financial assets at fair value through profit and loss:				
Units in unit trusts	1	-	1	-
Available for sale financial instruments:				
Debt securities	54	52	2	-
Total financial assets	55	52	3	-

Description	2021 £ m	Level 1 £ m	Level 2 £ m	Level 3 £ m
Financial liabilities at fair value through profit and loss:				
Derivative financial instruments	(3)	-	(3)	-
Total financial liabilities	(3)	-	(3)	-

31 Management of financial risk (continued)

No derivative financial instruments have been transferred between levels.

a) Financial instruments in level 1
The fair value of financial instruments traded in active markets is based on quoted bid prices at the balance sheet date, as described in the financial assets accounting policy. These instruments comprise primarily government debt securities and corporate debt securities, which meet the level 1 criterion.

b) Financial instruments in level 2
The fair value of financial instruments that are not traded in active markets is determined by using the recognised valuation techniques, as listed in accounting policy 'fair value estimation' and 'derivatives'. The inputs to the valuation techniques are largely derived from observable market data; if all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. These instruments comprise of derivative assets, derivative liabilities and unit trusts.

c) Financial instruments in level 3
If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. In 2022, there are no instruments classified as level 3 (2021: none).