

Registered number: 02966836

CATLIN UNDERWRITING

ANNUAL REPORT & ACCOUNTS

**YEAR ENDED
31 DECEMBER 2018**



CATLIN UNDERWRITING

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CATLIN UNDERWRITING

COMPANY INFORMATION

Directors and officers at the date that the report is signed:

DIRECTORS	Paul R. Bradbrook Clynton J. Luttig Juliet Phillips
COMPANY SECRETARY	Marie L. REES
REGISTERED NUMBER	2966836
REGISTERED OFFICE	20 Gracechurch Street London EC3V 0BG
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

CATLIN UNDERWRITING
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2018

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

PRINCIPAL ACTIVITIES

Catlin Underwriting ("the Company") holds land and buildings lease commitments on behalf of some of the AXA XL division companies, the costs of which are borne by another group company.

DIRECTORS

Company directors who hold office at the date of this report are listed on page 1. Set out below are directors who were appointed during the financial year and up to the date of this report together with those who resigned since 1 January 2018:

Juliet Phillips	Appointed	26 September 2018
Clynton J. Luttig	Appointed	26 September 2018
Paul A. Jardine	Resigned	26 September 2018

COMPANY SECRETARY

The company secretary in office at the date of this report is shown on page 1.

DIVIDENDS

An interim cash dividend of £5.8 million was paid by the directors during the year (2017: £ nil).

On 9 November 2018 the directors of the company declared a £5.8 million interim dividend to be payable to the members of the Company. This interim dividend was declared based on the distributable reserve position of the Company based on the year ended 31 December 2017 audited financial statements in conjunction with an updated view of the Company's liquidity position at that point in time. On 19 November 2018, the interim dividend was settled in cash to the members of the Company and its records were updated accordingly.

However, during the preparation of the current year financial statements, interest income of £180,206 was found to have been erroneously recognised in the prior year by the Company. Thus, the prior year statement of profit or loss required restatement. This restatement reduced the opening position of the distributable reserves of the Company, and as a result the interim dividend declared on 9 November 2018 was in excess of the distributable reserves held by the Company. The directors, having sought external legal advice, concluded that the proceeds of the interim dividend made on 9 November 2018 were treated as debtor receivables owed by the Company's members.

PRINCIPAL RISKS AND UNCERTAINTIES

Directors have evaluated the potential impacts of Brexit on the Company and concluded that the impact is expected to be minimal, considering the area of operation and magnitude of the trading activities of the Company.

The directors have considered all financial risks of the Company. There are adequate funds available to meet all future liabilities based on the business activity of the Company. The directors do not believe that there are any significant interest rate, currency, liquidity, and credit or price risks.

SIGNIFICANT EVENT

On 12 September 2018, XL Group Ltd completed its previously announced merger with Camelot Holdings Ltd. ("Merger Sub"), a wholly owned subsidiary of AXA SA. Pursuant to the Agreement and Plan of Merger, dated as of 5 March 2018, by and among XL Group Ltd., Merger Sub and AXA SA (the "Merger Agreement"), and the statutory merger agreement required in accordance with Section 105 of the Bermuda Companies Act 1981, as amended (the "Companies Act"), by and among XL Group Ltd., Merger Sub and AXA SA dated 12 September 2018, Merger Sub merged with and into XL Group Ltd. in accordance with the Companies Act, with XL Group Ltd. continuing as the surviving corporation and as a wholly-owned subsidiary of AXA SA.

As a result of the merger, a new division "AXA XL" was formed comprising the legacy XL companies and certain existing AXA companies. This new division AXA XL is the P&C and specialty division of AXA comprising global insurance and reinsurance companies that provide property, casualty and specialty products to industrial, commercial and professional firms, insurance companies and other enterprises on a worldwide basis.

CATLIN UNDERWRITING

DIRECTORS' REPORT (CONTINUED) YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITORS

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and accordingly they will be reappointed.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland", and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a director at the time when this Directors' Report is approved has confirmed that:

- as far as each director is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2018 of which the auditors are unaware; and
- that each director has taken all the steps that ought to have been taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This report was approved by the Board and signed by its order by:



Clynton J. Luttig
Director
20 September 2019

CATLIN UNDERWRITING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CATLIN UNDERWRITING

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Catlin Underwriting's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of profit or loss, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

CATLIN UNDERWRITING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CATLIN UNDERWRITING (CONTINUED)

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

CATLIN UNDERWRITING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CATLIN UNDERWRITING (CONTINUED)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

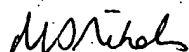
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Matthew Nichols (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 September 2019

CATLIN UNDERWRITING
STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2018

		2018	2017 (Restated*)
	Note	£	£
Turnover		780,112	774,045
Administrative expenses		(776,686)	(797,155)
Foreign Exchange gain/(loss)		69,110	(123,373)
OPERATING PROFIT/(LOSS)	2	72,536	(146,483)
Interest receivable and similar income	4	17,527	20,124
Interest payable and similar expenses	5	(749)	—
PROFIT/(LOSS) BEFORE TAXATION		89,314	(126,359)
Tax on profit/(loss)	6	(16,970)	—
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		72,344	(126,359)

* Refer to note 12 for details of restatement

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£	£	£	£
Balance as at 1 January 2017 (Restated*)	100	1,115,137	5,905,092	7,020,329
Loss for the financial year (Restated*)	—	—	(126,359)	(126,359)
Balance as at 31 December 2017 (Restated*)	100	1,115,137	5,778,733	6,893,970
Profit for the financial year	—	—	72,344	72,344
Dividends Paid			(5,800,000)	(5,800,000)
Unlawful dividend recalled			5,800,000	5,800,000
Balance as at 31 December 2018	100	1,115,137	5,851,077	6,966,314

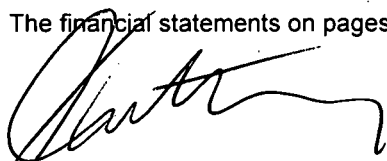
* Refer to note 12 for details of restatement

CATLIN UNDERWRITING
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 (Restated*) £
CURRENT ASSETS			
Debtors	7	6,060,518	6,804,254
Cash and cash equivalents		1,129,232	247,624
Creditors: amounts falling due within one year	8	(223,436)	(157,908)
NET CURRENT ASSETS		<u>6,966,314</u>	<u>6,893,970</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>6,966,314</u></u>	<u><u>6,893,970</u></u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Share premium account		1,115,137	1,115,137
Profit and loss account	10	5,851,077	5,778,733
TOTAL SHAREHOLDERS' FUNDS		<u><u>6,966,314</u></u>	<u><u>6,893,970</u></u>

* Refer to note 12 for details of restatement

The financial statements on pages 7 to 16 were approved by the Board of Directors and signed on its behalf by:



Clynton J. Luttig
Director
20 September 2019

CATLIN UNDERWRITING

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2018

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

Catlin Underwriting (the "Company") is a private company and is incorporated in the United Kingdom and registered in England. The address of its registered office is 20 Gracechurch Street, London, EC3V 0BG.

These financial statements have been prepared on the going concern basis, in accordance with applicable UK accounting standards including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") issued by the Financial Reporting Council and in compliance with the other requirements of the Companies Act 2006.

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 previous years presented, unless otherwise stated.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Exemption from preparing cash flow statement

The Company has availed itself of the exemption under FRS 102 section 1 on 'Reduced disclosures for subsidiaries' on the grounds that it is a wholly-owned subsidiary whose ultimate parent is AXA SA (incorporated in France) which prepares a group consolidated cash flow statement in its group consolidated financial statements that are publicly available.

1.3 Exemption from disclosing related party transactions

As the Company is a wholly-owned subsidiary whose ultimate parent AXA SA (incorporated in France), the Company has taken advantage of the exemption contained in FRS 102 section 33 'Related Party Disclosures' from disclosing related party transactions with entities which form part of AXA SA Group.

1.4 Interest

Interest income and charges are accrued up to the financial position date.

1.5 Foreign currencies

The Company's financial statements are presented in pound sterling which is the same as its functional currency. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the time of the original transactions and are not re-translated at each year end. Transactions in foreign currencies are translated into sterling at the previous month's closing rates as a proxy for the transactional rates. Exchange gains and losses are recognised in the Statement of profit or loss.

CATLIN UNDERWRITING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2018

1 ACCOUNTING POLICIES (CONTINUED)

1.6 Cash and cash equivalents

Cash and cash equivalents consist of cash held at bank, cash in hand, deposits held at call with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These investments have less than three months' maturity from the date of acquisition. Cash and cash equivalents are measured at fair value through the statement of profit or loss account.

1.7 Taxation

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

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

1.8 Turnover

Expenses that are contractually the obligation of the Company but borne by other AXA SA entities are reported as administrative expenses, with an equal and opposite amount reported as turnover

1.9 Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

During the year, the Company distributed an interim dividend of £5.8 million from the profit and loss account. Prior year restatements on profit and loss account meant that the dividend was void and so the proceeds of the interim dividend were held on a constructive trust for the Company by the Company's members. (Please refer notes 15 for further details)

CATLIN UNDERWRITING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2018

2 OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging/(crediting) the following:

	2018	2017 (Restated*)
	£	£
Rent Expense	780,112	774,045
Local Business Taxes	—	18,265
Foreign Exchange (Gain)/Loss on revaluation/translation	(69,110)	123,373
Bank Charges	703	325
Others	(4,129)	4,520

The auditors' remuneration for the year of £2,659 (2017: £2,627) has been borne by another group Company.

* Refer to note 12 for details of restatement.

3 STAFF COSTS

The Company has no employees (2017: nil)

The Company incurred no staff costs during the year (2017: £nil).

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017 (Restated*)
	£	£
Other interest receivable	17,527	20,291
	<hr/>	<hr/>
	17,527	20,291
	<hr/>	<hr/>

* Refer to note 12 for details of restatement.

5 INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Other interest payable	(749)	—
	<hr/>	<hr/>
	(749)	—
	<hr/>	<hr/>

CATLIN UNDERWRITING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2018

6 TAX ON PROFIT/(LOSS)

	2018	2017 (Restated*)
	£	£
(a) Tax expense included in profit or loss		
Current tax:		
UK corporation tax charge on profit for the year	16,970	—

(b) Reconciliation of tax charge

Tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%) as explained below:

	2018	2017 (Restated*)
	£	£
Profit/ (loss) on ordinary activities before tax		
Profit/ (loss) before tax	89,314	(126,359)
Profit/ (loss) multiplied by standard rate of tax in the UK of 19% (2017: 19.25%)	16,970	(24,324)
Adjustment in respect of previous periods	—	—
Tax losses not to be recognized	—	24,324
Total tax charge for the year (see note above)	16,970	—

(c) Tax rate changes

Changes to the UK corporation tax rates were enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The Company has an unused tax loss of £239,526 as at 31 December 2018 (2017: £218,045) in respect of carried forward tax losses. This unused tax loss has not been recognised due to the uncertainty of the company having suitable taxable profits in the foreseeable future against which these losses can be utilised.

* Refer to note 12 for details of restatement.

CATLIN UNDERWRITING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2018

7 DEBTORS

	2018	2017 (Restated*)
	£	£
Amounts owed by group undertakings	5,835,340	6,583,236
VAT recoverable	4,063	(67)
Receivable from the Trustee of EBT	221,085	221,085
Others	30	—
	<u>6,060,518</u>	<u>6,804,254</u>

* Refer to note 12 for details of restatement

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8 CREDITORS : Amounts falling due within a year

	2018	2017 (Restated*)
	£	£
Amounts owed to group undertakings	(206,466)	(1,096)
Other creditors	—	(84,229)
Corporation Tax	(16,970)	(72,583)
	<u>(223,436)</u>	<u>(157,908)</u>

* Refer to note 12 for details of restatement

9 CALLED UP SHARE CAPITAL

	2018	2017
	£	£
Allotted, called up and fully paid		
1,000 (2017 :1,000) : Ordinary shares of £0.10 each	100	100

CATLIN UNDERWRITING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2018

10 OPERATING LEASE COMMITMENTS

At 31 December 2018 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2018	2017
	£	£
Expiry date:		
Within one year	369,412	-
Between 2 and 5 years	-	1,256,027

The Company holds land and buildings lease commitments on behalf of the group.

11 WELLINGTON EMPLOYEE BENEFIT TRUST ("WELLINGTON EBT")

Wellington Underwriting Plc ("Wellington"), the predecessor of the Company, established on 22 September 1999 the Wellington Underwriting Employees' Benefit Trust ("EBT"), designed to encourage employees to acquire shares of the company. On 7 December 1999, Wellington entered into a loan agreement with the Trustee of EBT, providing capital to fund the purchase of shares by the EBT, but the liability of the Trustee of EBT is limited to the net value of all the assets held by the Trustee of EBT for the time being held upon the trusts of the Trust Deed. Therefore, the Company should have recognised in the accounts the receivable for the expected recoverable amount expected to be received from the trustee.

However, during the preparation of the current year financial statements, it was determined that the Company has historical errors with regard to both the classification of the assets on the balance sheet as well as their measurement. As such, the opening position of prior year comparative accounts have been restated, please refer to note 12 "Prior year restatement" for further details.

CATLIN UNDERWRITING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2018

12 PRIOR PERIOD RESTATEMENT

The prior year comparatives have been restated to (i) derecognise an interest income accrual which was incorrectly accrued in 2017. The Company incorrectly accrued interest income in the year ended 2017 financial statements, which should have been identified and appropriately derecognised in same year. The error resulted in net overstatement of interest income in the prior year financial statements. As such, a prior year adjustment has been made to derecognise the transaction. And (ii) reclassify and remeasure the receivable balances from the Trustee of EBT which was incorrectly understated and recognised as Cash and cash equivalents with background information detailed in Note 11. The impact on the statement of financial position, statement of profit and loss and statement of changes in equity is the following:

	2017 £	2017 £	2017 £	2017 £
	As previously reported	Adjustment (i)	Adjustment (ii)	Restated
Statement of Financial Position				
Debtors	6,763,375	(180,206)	221,085	6,804,254
Cash and cash equivalents	344,610	—	(96,986)	247,624
Creditors: amounts falling due within one year	(168,274)	10,366	—	(157,908)
Profit and loss account	5,824,474	(169,840)	124,099	5,778,733
Statement of Profit and Loss				
Interest receivable and similar income	200,330	(180,206)	—	20,124
Tax on profit	(10,366)	10,366	—	—
Statement of Changes in Equity				
Profit and loss account as at 1 January 2017	5,780,993	—	124,099	5,905,092
Profit /(Loss) for the financial year	43,481	(169,840)	—	(126,359)
Profit and loss account as at 31 December 2017	5,824,474	(169,840)	124,099	5,778,733

Note: adjustment (i) being the derecognition of an interest income accrual which has been incorrectly accrued in 2017, and corresponding tax impact.

Note: adjustment (ii) being the adjustment to the receivable balances from the Trustee of EBT which was incorrectly understated and recognised as cash and cash equivalents.

13 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Catlin (WUPLC) Holdings Limited, a company registered in Bermuda. The Company's ultimate parent undertaking as at Balance sheet date was AXA SA, a company registered in France.

The smallest undertaking for which the Company is a member and for which group financial statements are prepared is Catlin Insurance Company Limited ("CICL"), a company registered in Bermuda, and the largest group is AXA SA. The results of the Company are consolidated within the financial statements of AXA SA and CICL. Copies of the audited consolidated financial statements of CICL can be obtained from O'Hara House, One Bermudiana Road, Hamilton HM 08, Bermuda. Copies of the audited consolidated financial statements of AXA SA can be obtained from 25 Avenue Matignon, 75008 Paris, France.

CATLIN UNDERWRITING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2018

14 MERGERS AND ACQUISITIONS

XL Group Ltd. completed its previously announced merger with Camelot Holdings Ltd. ("Merger Sub"), a wholly owned subsidiary of AXA SA on 12 September 2018. Pursuant to the Agreement and Plan of Merger, dated as of 5 March 2018, by and among XL Group Ltd., Merger Sub and AXA SA (the "Merger Agreement"), and the statutory merger agreement required in accordance with Section 105 of the Bermuda Companies Act 1981, as amended (the "Companies Act"), by and among XL Group Ltd., Merger Sub and AXA SA dated 12 September 2018, Merger Sub merged with and into XL Group Ltd. in accordance with the Companies Act, with XL Group Ltd. continuing as the surviving corporation and as a wholly-owned subsidiary of AXA SA.

As a result of the merger, a new division "AXA XL" was formed comprising the legacy XL companies and certain existing AXA companies. This new division AXA XL is the P&C and specialty division of AXA comprising global insurance and reinsurance companies that provide property, casualty and specialty products to industrial, commercial and professional firms, insurance companies and other enterprises on a worldwide basis.

15 INTERIM DIVIDEND AND SUBSEQUENT EVENTS.

On 9 November 2018 the directors of the company declared a £5.8 million interim dividend to be payable to the members of the Company. This dividend was declared based on the distributable reserve position of the Company based on the year ended 31 December 2017 audited financial statements in conjunction with an updated view of the Company's liquidity position at that point in time. On 19 November 2018, the dividend was settled in cash to the members of the Company and its records were updated accordingly.

However, during the preparation of the current year financial statements, interest income of £180,000 was found to have been erroneously recognised in the prior year by the Company. Thus, the prior year statement of profit or loss required restatement. This restatement reduced the opening position of the distributable reserves of the Company, and as a result the dividend declared on 9 November 2018 was in excess of the distributable reserves held by the Company. The directors, having sought external legal advice, concluded that the proceeds of the interim dividend made on 9 November 2018 were treated as debtor receivables owed by the Company's members.