

Registered Number 03116678

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED**

**Directors' Report and Financial Statements**

**for the year ended 31 December 2010**



Registered Office 5 Old Broad Street, London EC2N 1AD

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED**

**COMPANY INFORMATION**

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**DIRECTORS**

J. P. D. L. Drouffe  
P. J. Evans  
M. J. Kellard  
F. de Méneval  
A. J. Purvis

**SECRETARY**

J. P. Small

**AUDITORS**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

## **WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED**

### **DIRECTORS' REPORT**

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The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2010

#### **PRINCIPAL ACTIVITY**

The Company's principal activity is that of a holding company

#### **CHANGE OF PARENT COMPANY**

The entire issued share capital of the Company was transferred from Friends ASLH Limited (formerly AXA Sun Life Holdings plc) to AXA UK plc on 4th August 2010

#### **REVIEW OF ACTIVITIES**

On 24 June 2010 AXA entered into a conditional sale arrangement to sell the majority of its UK life and savings business to Friends Provident Holdings (UK) Limited ("FPH") whose ultimate parent company is Resolution Limited. The long term insurance business portfolios operated by the Company's subsidiaries include both a legacy book of more traditional insurance products, which are included in the conditional sale agreement, together with actively-marketed wealth management products which are to be retained by AXA.

As a result of the deal, it is intended that two of the Company's individually held subsidiaries will reorganise their portfolios of insurance contracts by means of two transactions under Part VII of the Financial Services and Markets Act 2000 ("Part VII") in order to separate those to be sold and those to be retained. A further Part VII transfer will also take place whereby Friends Life Company Limited (formerly AXA Sunlife plc) will transfer its portfolio of Guaranteed Over 50 ("GOF") Plan products and Corporate Trustee Investment Plan ("TIP") products to AXA Wealth Limited ("AWL"), an indirect subsidiary of the Company. Once the Part VII transactions have been completed, expected to take place in the fourth quarter of 2011, the Company's subsidiary Winterthur Life UK Holdings Limited ("WLUKH") will sell its investment in Winterthur Life UK Limited ("WLUK") to FPH.

In order to maintain the solvency of the Company and its subsidiaries, a number of capital transactions were made during the year

- The Company increased its issued and fully paid share capital by £12m on 3 September 2010, and by a further £180m on 15 September 2010,
- The Company purchased additional ordinary shares of £12m and £80m issued by WLUKH at par on 3 September 2010 and 25 November 2010, respectively,
- The Company made capital contributions of £3m and £15m to WLUKH on 30 September 2010 and 25 November 2010 respectively;
- The Company made capital contributions of £25m and £15m to Winterthur Financial Services UK Holdings Limited ('WFSUKH') on 30 September 2010 and 25 November 2010 respectively, and

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

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- Following the above transactions, the Company invested the residual balance of £42m in an interest-bearing cash liquidity fund

Following the end of the financial year, on 31 May 2011 the Company received a capital contribution of £20m from AXA UK plc and made a further capital contribution of £20m to WFSUKH

**BUSINESS REVIEW**

*Business environment*

The principal business of the group of companies headed by the Company is the transaction of long-term insurance business (i.e. life insurance, investment products and pensions) in the United Kingdom. The life and savings market is a highly regulated mature market with distribution largely through third party intermediaries.

Through its subsidiary holding companies, the Company is the parent company of WLUK, AXA Wealth Limited ("AWL" – formerly Winterthur Pension Funds UK Limited) and Winterthur Financial Services UK Limited ("WFS").

WLUK transacts long-term insurance business and associated investment activities in the United Kingdom. During the year equity markets showed further improvements, continuing the recovery experienced in 2009 following their adverse performance in 2008.

AWL will become the provider of the pension and investment products retained by AXA following the intended sale of WLUK to FPH.

WFS acts as the employing company within the group of companies headed by the Company and as the paymaster for management expenses, for which it makes a recharge to other group undertakings as appropriate. WFS also holds fixed assets for which it makes a lease charge to the companies utilising those assets. The principal user of these services is WLUK.

WFS is the principal employer of the WLUK Staff Pension Scheme.

*Clients*

WLUK targets individual clients. The Company's individual clients are concentrated in the higher socio-economic groups, typically investing in shorter term bonds or pension plans for the longer term.

*Products*

WLUK offers a range of specialist investment and pension products. Investment bonds provide packaged investment solutions to individuals in a tax efficient life wrapper. Individual pensions offer packaged investment vehicles, guided or open architecture access allowing individuals to save towards retirement.

A key feature of WLUK's approach to pensions is the use of external fund managers either by accessing the underlying fund directly or via the Winterthur Pension fund range. The Winterthur fund

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**DIRECTORS' REPORT (CONTINUED)**

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range offers access to 190 carefully selected funds, split between the AXA Multi-Manager fund range, the AXA Family fund range and the Winterthur Tailored selection fund range. 20 Winterthur Architas MM and Multi-Manager funds are represented within the overall fund offering.

In addition to the fund range, the pension product offers access to a wide range of assets including collective investments, UK and non-UK equities and commercial property.

Current wealth management products offered will continue to be marketed with the Company as provider until the final Part VII transaction, expected to occur during the fourth quarter of 2011, after which date they will be marketed by AWL.

*Distribution*

WLUK's distribution is concentrated primarily in the Independent Financial Adviser ("IFA") / whole of market Adviser distribution channel.

**BUSINESS PERFORMANCE**

The Company's loss for the year after taxation, as shown in the Profit and Loss account on page 9 of the financial statements, amounted to £139,200k (2009 profit of £5k). The loss has resulted from the write-down of the carrying value of the Company's investment in its subsidiary holding company WFSUKH to its realisable value, following losses experienced by WFSUKH's subsidiary WFS in 2010. There are no other key performance indicators other than profit or loss for the year.

**DIVIDENDS**

The directors do not recommend the payment of a dividend for the year ended 31 December 2010 (2009: £nil).

**PRINCIPAL RISKS AND UNCERTAINTIES**

A description of the key business risks affecting the Company are set out below.

*Competitive environment*

The key business risks and uncertainties affecting the Company are considered to relate to the volatility of the personal pension market as a whole.

*Financial risk*

The Company is exposed to financial risk through its business operations affecting the financial assets and liabilities. The most important component of this risk for the Company is non-investment credit risk in respect of balances due.

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

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The Company is part of the AXA UK Group which has established a group wide financial risk management framework and associated set of policies. These are designed primarily to ensure that financial risks are adequately controlled and monitored for the insurance group through Risk Committees advising the Group Chief Executive and individual business unit Chief Executives.

*Credit risk*

Non-investment credit risk arises from the exposure of the Company to intra-group debts with other companies in the AXA UK Group and from debts due from third parties. The risk in respect of these debts is controlled through ongoing monitoring of amounts due.

**FUTURE OUTLOOK**

It is anticipated that the Company's indirectly held subsidiary WLUK will be sold to FPH during 2011, and that GOF and TIP business will be transferred into AWL. No change in the activities of the Company is planned for the foreseeable future.

**DIRECTORS**

The directors of the Company at the date of this report are shown on page 1.

Mr I Robinson resigned as director on 12 July 2010.

Mr A M Parsons resigned as an alternate director to Mr I. Robinson on 12 July 2010.

Mr A M. Parsons was appointed as a director on 9 March 2010 and resigned on 15 September 2010.

Mrs L C. J'Afari-Pak resigned as director on 15 September 2010.

Mr J. P. D. L. Drouffe was appointed as a director on 17 September 2010.

**EXERCISE OF DIRECTORS' AXA SA OPTIONS**

None of the Company's directors exercised share options during the year (2009: None).

**INDEMNIFICATION OF DIRECTORS**

Throughout the year and at the date of this report 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.

**PAYMENT OF CREDITORS**

All trade purchases are dealt with through group service companies, principally WFS but also, until its sale to FPH, Friends Life Services Limited ("FLS" – formerly AXA Sun Life Services Limited).

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

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**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

Each director in office at the date of approval of this report confirms that.

- (a) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to.

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is 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.

By Order of the Board



**A. J. Purvis**

Director

28 June 2011

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINTERTHUR UK  
FINANCIAL SERVICES GROUP LIMITED**

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We have audited the financial statements of Winterthur UK Financial Services Group Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss 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.

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINTERTHUR UK  
FINANCIAL SERVICES GROUP LIMITED (CONTINUED)**

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**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion.

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



Mike Vickery (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
28 June 2011

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £000	2009 £000
Interest receivable and similar income	2	161	7
Provisions for investments in group undertakings	7	(139,316)	-
<b>(Loss) / profit on ordinary activities before taxation</b>		<b>(139,155)</b>	<b>7</b>
Tax on (loss) / profit on ordinary activities	6	(45)	(2)
<b>(Loss) / profit for the financial year</b>	12	<b>(139,200)</b>	<b>5</b>

All of the above amounts are in respect of continuing operations

The Company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented.

There are no differences between the (loss) / profit on ordinary activities before taxation and the retained (loss) / profit for the financial year stated above and their historical cost equivalents

The information on pages 12 to 19 forms an integral part of these financial statements

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED**  
**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

		<b>2010</b>	<b>2009</b>
		<b>£000</b>	<b>£000</b>
(Loss) / profit for the financial year	12	<b>(139,200)</b>	5
Total shareholders' funds at 1 January		<b>469,201</b>	469,196
Share capital issued during the year	11	<b>192,000</b>	-
		<hr/>	<hr/>
<b>Total shareholders' funds at 31 December</b>		<b>522,001</b>	469,201
		<hr/>	<hr/>

The information on pages 12 to 19 forms an integral part of these financial statements

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED****BALANCE SHEET AS AT 31 DECEMBER 2010**

	Note	2010 £000	2009 £000
<b>Fixed assets</b>			
Investments in group undertakings	7	<u>435,163</u>	<u>424,479</u>
<b>Current assets</b>			
Debtors	8	43,639	43,639
Other investments	9	42,134	-
Cash at bank and in hand		<u>1,110</u>	<u>1,085</u>
		<b>86,883</b>	<b>44,724</b>
<b>Creditors: amounts falling due within one year</b>	10	<u>(45)</u>	<u>(2)</u>
<b>Net current assets</b>		<b>86,838</b>	<b>44,722</b>
<b>Total assets less current liabilities</b>		<u><b>522,001</b></u>	<u><b>469,201</b></u>
<b>Capital and reserves</b>			
Called up share capital	11	192,001	1
Share premium account	12	299,999	299,999
Capital contribution	12	389,218	389,218
Profit and loss account	12	<u>(359,217)</u>	<u>(220,017)</u>
<b>Total shareholders' funds</b>		<u><b>522,001</b></u>	<u><b>469,201</b></u>

The financial statements were approved by the Board of directors on 28 June 2011 and were signed on its behalf by



**A. J. Purvis**  
Director

The information on pages 12 to 19 forms an integral part of these financial statements

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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**1. STATEMENT OF ACCOUNTING POLICIES**

The principal accounting policies are set out below.

**Basis of presentation**

The financial statements are prepared under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, and have been prepared on a going concern basis

The Company has taken advantage of section 400 of the Companies Act 2006 and has not produced consolidated financial statements on the basis that it is a subsidiary undertaking of AXA SA which prepares consolidated financial statements and is established under the laws of an E.E.A. State

Under Financial Reporting Standard ("FRS") 1 (Cash flow Statements (revised 1996)), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking of a parent undertaking which produces a consolidated cash flow statement. The cash flow of the Company is consolidated in the AXA group financial statements, which can be obtained from 23, Avenue Matignon, 75008 Paris, France

The Company has applied all applicable accounting standards and interpretations effective at 31 December 2010. There have been no new standards, changes to standards and interpretations which are effective for accounting periods beginning on or after 1 January 2010 that have a material impact on these financial statements

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax liabilities, using the liability method, on all material timing differences, including revaluation gains and losses on investments recognised in the profit and loss account. Deferred tax is calculated using rates substantively enacted at the balance sheet date. Deferred tax balances have not been discounted

Deferred tax assets are only recognised to the extent that they are expected to be recoverable

**Investments**

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

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****2. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2010</b>	2009
	<b>£000</b>	£000
Interest from cash on deposit	27	7
Interest from other investments	<u>134</u>	<u>-</u>
	<u><b>161</b></u>	<u><b>7</b></u>

**3. AUDITORS' REMUNERATION**

Auditors' remuneration in respect of audit fees for 2010 of £4,000 (2009 £6,500) was borne by WFS, a fellow group company.

**4. EMPLOYEE NUMBERS AND COSTS**

The Company does not employ directly any staff (2009: none). All staff are employed by WFS. Staff costs are borne by WFS and disclosed in the accounts of that company.

**5. DIRECTORS' EMOLUMENTS**

The directors are employed and paid by companies in the AXA group and their directorships are held as part of that employment. Other than as disclosed below, no director has received any emoluments or other benefits from the Company or from any other company in the AXA group in respect of services to the Company.

	<b>2010</b>	2009
	<b>£000</b>	£000
Aggregate emoluments excluding amounts receivable under long-term incentive schemes (prior year: total aggregate emoluments)	<b>1,390</b>	1,503
Amounts receivable (excluding gains on exercise of share options and value of shares received) under long-term incentive schemes	<b>56</b>	-

Retirement benefits are accruing to 3 directors (2009: 0) under a defined benefit pension scheme and to 1 director (2009: 0) under a defined contribution scheme.

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts attributable to highest paid director</b>		
Aggregate emoluments and benefits (excluding gains on exercise of share options and value of shares received) under long-term incentive schemes	<b>689</b>	<b>560</b>
Defined benefit pension scheme		
Accrued pension at end of year	<b>8</b>	<b>8</b>

**Directors' Interests in Transactions**

No contract in which a director was interested and which was material to the Group or its subsidiaries or to the other transacting party existed during the year

**Loans to Directors and Connected Persons**

No loans or quasi-loans exceeding £5,000 to directors and connected persons were made or subsisted during the year.

None of the directors exercised any share options or employee sharesave options in AXA UK plc during the year

Mr J P D. L. Drouffe, Mr P J Evans, Mr F de Méneval, Mr N J-M. D. Moreau and Mr I. Robinson were also directors of the intermediate parent company, AXA UK plc, during the year and their emoluments, which relate to their services to the AXA group as a whole, are disclosed in the financial statements of that company

**6. TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax:</b>		
UK corporation tax charge for the current year	<b>45</b>	<b>2</b>
<b>Tax on (loss) / profit on ordinary activities</b>	<b>45</b>	<b>2</b>

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****Factors affecting the tax charge**

The tax charge assessed for the year is higher than (2009 equal to) the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below.

	2010 £000	2009 £000
<b>Loss / (profit) on ordinary activities before tax</b>	<b>(139,155)</b>	<b>7</b>
Loss / (profit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.0% (2009: 28.0%)	<b>(38,963)</b>	<b>2</b>
Expenses not deductible for tax purposes	<b>39,008</b>	<b>-</b>
<b>Current tax charge for the year</b>	<b>45</b>	<b>2</b>

There is no deferred tax, either recognised or unrecognised, at the end of the current or preceding financial year

During the year, as a result of the change in the UK corporation tax rate from 28% to 27% that was enacted in Finance (No 2) Act 2010 as effective from 1 April 2011, the relevant deferred tax balances have been re-measured on this basis. No impact is reflected in the tax charge for the year since the assets are unrecognised.

Following the Government 2011 Budget announcement, a further reduction in the UK corporation tax rate to a rate of 26% with effect from 1 April 2011 was substantively enacted on 29 March 2011. This is expected to be followed by further 1% per annum reductions which will bring the rate to 23% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****7. INVESTMENTS IN GROUP UNDERTAKINGS**

Investments in group undertakings are

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Shares in group undertakings:</b>		
<b>Cost as at 1 January</b>	<b>345,374</b>	<b>345,374</b>
<b>Increase</b>	<b>92,000</b>	<b>-</b>
<b>Cost as at 31 December</b>	<b>437,374</b>	<b>345,374</b>
<b>Provision against impairment:</b>		
<b>As at 1 January</b>	<b>-</b>	<b>-</b>
<b>Provision during the year</b>	<b>(139,316)</b>	<b>-</b>
<b>As at 31 December</b>	<b>(139,316)</b>	<b>-</b>
<b>Shares in group undertakings - carrying value</b>	<b>298,058</b>	<b>345,374</b>
<b>Capital contributions to group undertakings</b>		
<b>Cost as at 1 January</b>	<b>79,105</b>	<b>79,105</b>
<b>Increase</b>	<b>58,000</b>	<b>-</b>
<b>Cost as at 31 December</b>	<b>137,105</b>	<b>79,105</b>
<b>Provision against impairment:</b>		
<b>As at 1 January and 31 December</b>	<b>-</b>	<b>-</b>
<b>Capital contributions to group undertakings - carrying value</b>	<b>137,105</b>	<b>79,105</b>
<b>Investments in group undertakings as at 31 December</b>	<b>435,163</b>	<b>424,479</b>

The Company purchased additional ordinary shares of £12m and £80m issued by WLUKH at par on 3 September 2010 and 25 November 2010, respectively

The Company made capital contributions of £3m and £15m to WLUKH on 30 September 2010 and 25 November 2010 respectively. The Company also made capital contributions of £25m and £15m to Winterthur Financial Services UK Holdings Limited ('WFSUKH') on 30 September 2010 and 25 November 2010 respectively

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

At 31 December 2010 the Company owned the whole of the issued ordinary share capital of the following group undertakings, all of which are incorporated in Great Britain and registered in England and Wales

<b>Name</b>	<b>Nature of business</b>
Winterthur Life UK Holdings Limited	Holding company
Winterthur Financial Services UK Holdings Limited	Holding company
Winterthur Life UK Limited *	Life assurance
Winterthur 1 Limited (formerly WLUK Limited) *	Dormant
AXA Wealth Limited (formerly Winterthur Pension Funds UK Limited) *	Pensions business
AXA Wealth Services Limited (formerly Winterthur Pension Trustees UK Limited) *	Pension trustee
Dextra Court Properties Limited *	Property investment
Winterthur Financial Services UK Limited *	Management & administration services
Winterthur Finance Limited *	Lending
Winterthur Systems Leasing Limited *	Dormant
Winterthur Trustee Services Limited *	Pension trustee
Winterthur 2 Limited (formerly Winterthur Group Services Limited) *	Dormant

\*These group undertakings are held indirectly through another wholly owned subsidiary undertaking

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Following the end of the financial year the Company made a capital contribution of £20m to WFSUKH on 31 May 2011

**8. DEBTORS**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Loans to group undertakings	<b><u>43,639</u></b>	<b><u>43,639</u></b>

Loans to group undertakings are interest free

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****9. OTHER INVESTMENTS**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Cash investments	<u>42,134</u>	<u>-</u>

Following the 2010 capital transactions, the residual balance of £42m was invested in an interest-bearing cash liquidity fund

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to other group undertakings – group relief	<u>45</u>	<u>2</u>

**11. CALLED UP SHARE CAPITAL**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted and fully paid:</b>		
192,001,002 (2009 1,002) ordinary shares of £1 each	<u>192,001</u>	<u>1</u>

On 3 September 2010 and 15 September 2010 an additional 12,000,000 and 180,000,000 ordinary shares were issued at a nominal value of £1 per share, respectively

**12. MOVEMENT IN RESERVES**

	<b>Share premium account £000</b>	<b>Capital contribution £000</b>	<b>Profit &amp; loss account £000</b>	<b>Total £000</b>
<b>Balance at 1 January 2010</b>	<b>299,999</b>	<b>389,218</b>	<b>(220,017)</b>	<b>469,200</b>
Loss for the financial year	-	-	(139,200)	(139,200)
<b>Balance at 31 December 2010</b>	<u><b>299,999</b></u>	<u><b>389,218</b></u>	<u><b>(359,217)</b></u>	<u><b>330,000</b></u>

Following the end of the financial year on 31 May 2011 the Company received a further capital contribution of £20m from AXA UK plc.

**WINTERTHUR UK FINANCIAL SERVICES GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****13. RELATED PARTY TRANSACTIONS**

As the Company is a wholly-owned subsidiary of AXA UK plc it has taken advantage of the exception granted under Financial Reporting Standard 8 (Related Party Disclosures) where subsidiary undertakings do not have to disclose transactions with wholly owned Group companies qualifying as related

The Company entered into transactions with related parties which do not qualify for the exemption under FRS 8. Such transactions are included in the financial statements under the following captions:

	Note	2010 £000	2009 £000
<i>Profit and loss account - interest receivable</i>			
AXA Investment Managers Luxembourg	(a)	134	-
<i>Balance sheet – other investments</i>			
AXA Investment Managers Luxembourg	(b)	42,134	-

(a) Represents interest income on the Company's investment into the AXA IM Cash Sterling Liquidity Fund.

(b) Represents the closing value of capital and accrued interest in respect of the Company's investment in the AXA IM Cash Sterling Liquidity Fund

**14. IMMEDIATE AND ULTIMATE PARENT COMPANY**

The Company is an immediate subsidiary of AXA UK plc, a company incorporated in Great Britain and registered in England and Wales.

In the opinion of the directors, the Company's ultimate parent and controlling company is AXA, a company incorporated in France. The parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared is AXA. Copies of the AXA group financial statements can be obtained from 23, avenue Matignon, 75008 Paris, France.