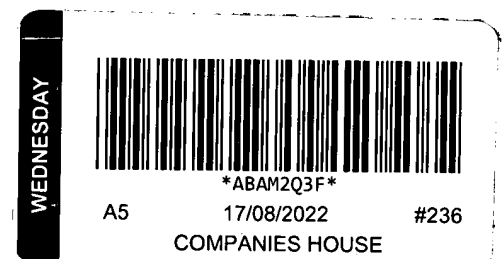


Registration number: 3148346

AXA PPP Healthcare Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021



AXA PPP Healthcare Group Limited

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AXA PPP Healthcare Group Limited

Company Information

Directors	F. A. Craig
	T. N. Garrad
	A. E. Matty
	M. A. Vardy
Company secretary	K. A. Beggs
Registered office	20 Gracechurch Street London EC3V 0BG
Auditors	Mazars LLP Chartered Accountants and Statutory Auditor 30 Old Bailey London EC4M 7AU

AXA PPP Healthcare Group Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their Strategic Report of AXA PPP Healthcare Group Limited ("the Company") for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is the provision of services to other companies in the AXA PPP group structure.

Review of the business

The profit for the financial year after tax is £10,991k (2020: profit of £7,061k). The profit mainly arises from dividends received from subsidiaries.

Strategy

The Company has a clear strategic business model focusing on the provision of services to other companies in the AXA PPP group structure. The Company will continue to fulfil its function as a service company by recharging expenses to the respective entities.

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

		2021	2020
Turnover	£'000	149,544	117,348
Administration Expenses	£'000	(149,544)	(117,348)
Net assets	£'000	101,078	91,666

Principal risks and uncertainties

The AXA UK Group has an established process for risk acceptance and risk management, which is addressed through a framework of policies, procedures and internal controls. All policies are subject to ongoing review by management, risk management and group internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Company and the compliance and finance teams take on an important oversight role in this regard. Line management is responsible for maintaining an internal control framework to manage financial and operational risks, which is monitored regularly to ensure the completeness, accuracy and integrity of the Company's financial information. As set out in the Directors' Report, the directors are closely monitoring the situation in Ukraine and the risks to the Company arising therefrom.

The risks and uncertainties facing the Company are linked to those of its subsidiaries. A discussion of the risks and uncertainties of its subsidiaries are contained within each of the subsidiaries annual reports and financial statements.

Future developments

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

The impact of the COVID-19 pandemic has been monitored throughout the year, with plans implemented to manage the effects of the outbreak and assess disruptions and other risks to its operations. In particular the Company's management information flows, risk management processes and internal controls systems are being closely monitored and alternative mitigating controls are being introduced as appropriate. The directors are continuing to monitor potential adverse effects of the spread of COVID-19 on the Company's holdings in subsidiaries, in particular, the scope and severity of any further downturn in global financial markets and the global economy and consequential impacts on the AXA UK Group investment portfolio; and the extent of the impact on the healthcare businesses of the companies to which the Company acts as a holding company. The ultimate financial impact of the pandemic on the UK economy and the Company is continually monitored, but the directors consider that it is not currently estimable with any degree of certainty.

AXA PPP Healthcare Group Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Section 172 statement

The Company, its stakeholders and relevant issues

The principal and ongoing activity of AXA PPP Healthcare Group Limited (“AXA PPP Group” or the “Company”) is the provision of services to other companies in the AXA Health structure. The Company is a wholly-owned subsidiary within the AXA Group, a worldwide leader in insurance and asset management.

The directors consider, both individually and collectively, that they have acted in the way that would most likely promote the success of the Company for the benefit of its members as a whole (having regard to relevant stakeholders and matters set out in section 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2020.

In coming to this conclusion, the directors have considered who the stakeholders of the business are and issues it needs to take into consideration and concluded that the following are material to the Company:

- *Customers:* The customers of the Company and the quality, pricing and appropriateness of the products and services sold to them which have a major influence on the reputation of the Company.
- *Employees:* The Company is the employing entity for staff in the AXA Health group. The workforce’s culture, values, behaviours, performance, and engagement drive how it serves its customers and interacts with suppliers.
- *Suppliers and third parties:* The Company manages and promotes strong relationships with its suppliers (either internal or external to the AXA Group (“AXA”)) to ensure good service, cost effectiveness, use of economies of scale and effective collaboration. The AXA Health group has strong relationships with its network of suppliers, including hospitals, specialists and third-party suppliers. These relationships are a key focus for the business, as strong provider relationships enable good clinical outcomes for members as well as enabling good commercial performance. The AXA Health group has worked with third parties to provide additional services, such as Doctor@Hand, enabling virtual GP appointments, and assisting with Wellbeing propositions.
- *Community:* 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.
- *Shareholder & Other AXA Group companies:* The Company has one immediate shareholder; Guardian Royal Exchange plc, which provided its equity capital. AXA SA is the ultimate shareholder. Stakeholder management within the AXA UK & Ireland and wider AXA Group is key to ensure that positive relationships are maintained. Consideration is given to how the AXA Health group can support other countries’ Health businesses given its experience and expertise.

AXA PPP Healthcare Group Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Methods of engagement

For each of these groups or issues, the Company seeks to ensure it understands concerns or salient matters through a process of engagement:

- *Customers:* The Company strives to build trusted relationships with customers and to always treat them fairly, providing commitment to its customers that the business delivers against its purpose, to act for human progress by protecting what matters. Delivering on this purpose helps to enhance AXA's reputation, both in the eyes of customers, and other external stakeholders such as the regulators and media. Customer experience tracking enables feedback to be gained from customers at a number of different points in the journey enabling action plans and changes to customer experiences where necessary. The Company actively encourages customers to give feedback externally on sites like Trustpilot and Feefo (where AXA Health has once again been awarded Platinum Trusted accreditation). NPS survey findings are also used to improve customer engagement with knowledge being shared across the business. Customer focus groups are led by the Customer Insights team. These insights help shape customer experience, service and communications to make sure they are relevant and useful to customers.

AXA Health has embedded a customer-led philosophy in its proposition development processes, incorporating formal, structured stages of insight, and using this feedback to determine the requirements for IT and customer experience enhancements. In response to the decline in NHS cancer screening rates during the pandemic, and due to the decrease seen in new cancer cases being raised by members, AXA Health ran two proof of concept campaigns in 2021, offering free cancer screening tests for breast, bowel and cervical cancers to almost 100,000 eligible individual members. Approximately 18,500 tests were taken up, which to date have identified approximately 700 abnormal results and received excellent customer feedback. AXA Health is now considering how cancer screening services can become a more permanent service proposition

- *Employees:* The Company is committed to enabling its workforce at all levels of the organisation to actively contribute and participate in decisions where appropriate. Feedback from the workforce is sought through regular Pulse surveys, where staff can provide their views on how the business is performing.

Vox is AXA Health's consultative body representing all employees and managers. It meets every month to discuss new ideas, policy changes and business matters affecting employees and managers.

AXA Health has additional employee forums which seek feedback from employees to identify where progress can be made and to contribute to the business' action plans. Regular live exchange video conferences are held with the CEO and leadership team. These sessions enable two-way dialogue between the leadership team and employees through Question and Answer sessions.

The Company has access to four employee resource groups (ERGs) providing an opportunity for employee-communities to promote positive cultural change within the business and the Company participates in and facilitates these. The ERGs are focused on Balance (supporting working families and gender equality), Pride (supporting our LGBT community), REACH (focusing on the under-representation of staff due to race, ethnicity & culture heritage) and ABLE (raising awareness about disabilities and carers and promoting change and support). There are regular online diversity and inclusion live exchanges and a number of focus groups have been conducted with employees on ethnicity, gender and disability.

During 2021, AXA UK & Ireland launched its "Fairer in Five" campaign, asking employees to anonymously disclose diversity data which can be used to develop a more data driven approach to diversity & inclusion in the future. AXA also ran its first Global Inclusion Survey where every employee was invited to share their views on inclusion at AXA.

AXA PPP Healthcare Group Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

- *Suppliers and third-parties:* The AXA Health group of companies promotes strong relationships with its network of suppliers which are actively and consistently managed in accordance with AXA UK Group company-wide policies and a procurement process to manage third party risk. These processes ensure that 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, which are discussed with vendors during contractual negotiations

During 2021, AXA worked closely with all of its key suppliers to ensure that they could operate effectively as so allow AXA to continue to support its customers. One of the actions taken was to accelerate supplier payments, releasing monies ahead of the expected settlement date, once the business had confirmed the supply of goods or services had taken place to alleviate the cashflow pressures that some of AXA's supply partners may have been facing at that time. In 2021, AXA continued to make payments to IT & General Expenses suppliers as soon as invoices were received.

Engagement with hospital providers increased during the pandemic to inform comprehensive communications that were issued internally and externally. This was particularly useful for Customer Service, allowing for appropriate member communication and direction, and to inform and engage AXA Health's Intermediary community.

- *Community:* The Company strives to play a positive role in society and actively supports communities it operates in. From volunteering and mentoring to fundraising or sharing business expertise, the Company encourages its employees to get involved where possible.

At an AXA UK Group level, a new Corporate Responsibility Strategy was launched in September 2020 made up of 3 pillars; Promote Good Health, Progress in Society, Protect the Planet with goals and measures agreed against each. Employees were invited to choose charity partners aligned with the pillars of the CR strategy, which were announced in January 2021 together with new "Pennies from Payroll" initiative to enable employees to make a monthly donation via payroll. The AXA UK Group continues to support apprenticeship hires from a diverse range of backgrounds and in support of wider societal issues. The Company has supported society during a time of national crisis in the pandemic, by allowing some of its clinically trained staff the opportunity to volunteer with the NHS.

- *Shareholder & Other AXA Group companies:* The Company engages with its shareholder through regular briefing of group directors on its performance and upward reporting through management information systems. The AXA Health website, intranet and social media channels provide extensive and up-to-date news on recent developments.

Key decisions and consideration of stakeholders

- During 2021, the directors continued to monitor the impact of the Covid-19 pandemic on the Company's operations, its people, customers and financial position.

The Company continued to support its workforce through the pandemic in a variety of ways, including awarding additional holiday days as "Thank You Days" (an AXA Group initiative) to recognise the hard work and dedication of employees throughout the pandemic; and increasing the emergency dependent leave offering. The implementation of AXA's global Smart Working strategy continued throughout 2021, to positively change the Company's technology, office space and ways of working, with its customers at the heart of every decision.

AXA PPP Healthcare Group Limited

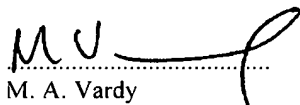
Strategic Report for the Year Ended 31 December 2021 (continued)

- The directors consider that the AXA UK Group's employee engagement programmes, explained above, continue to serve the Company's requirement in enabling employees from all levels of the organisation to actively contribute and participate in decisions where appropriate.

In June 2021, the Board approved its annual Slavery & Human Trafficking Statement pursuant to Section 54 of the UK Modern Slavery Act 2015 ("MSA"). The AXA Group has a long history of adhering to and promoting strong professional ethics and is committed to conducting its business according to the highest standards of honesty and fairness. This commitment to observing such ethical standards is designed not only to ensure compliance with applicable laws and regulations in the various jurisdictions where AXA operates but also to earning and keeping the continued trust of its clients, shareholders, personnel and business partners. The directors believe that the Company's success and reputation is not only dependent on the quality of its products and the services provided to its customers, but also on the way it does business. The Company ensures that it works with suppliers that meet the AXA standards with respect to ethics and corporate responsibility through a clearly documented process for supplier selection and contracting.

- In 2021, the Company made capital contributions to:
 - its subsidiary, AXA Health Services Limited, in order to facilitate AXA Health Limited's minimum capital requirement as a regulated intermediary;
 - Doctor At Hand Diagnostics Limited (a Joint Venture company in which the Company owns 50% of the issued share capital), in order to facilitate specification development work; and
 - its subsidiary, PPP Taking Care Limited, to assist with PPP Taking Care's new business generation activity.
- When making these decisions, the directors ensured that the Company met all the necessary conditions to support the proposed capital contributions such as ensuring that the Company's net assets would remain higher than the aggregate of the called-up share capital and undistributable reserves and the Company would retain enough liquidity to meet its expected cashflow requirements. The directors considered their duties pursuant to the Companies Act 2006 and, in particular, their duty to act in the interests and to the advantage of the Company and to promote the success of the Company for the benefit of its members as a whole; and concluded that payment of the capital contributions to its subsidiaries, in each case, was considered appropriate and for the long- term benefit of the AXA Health group.
- The directors met in October and November 2021 to consider the impact to the Company of a proposal by AXA UK Management to outsource elements of the legacy IT estate to a Managed Service, a project which would enable AXA to manage the legacy estate more effectively, accelerate transformation, maximise the efficiency of the Target Operating Model, generate operational cost savings and redeploy the best talent on strategic initiatives. Following due consideration of the risks and proposed mitigations specific to the AXA Health business, the Board agreed the proposal to pursue a strategic partnership with AXA UK&I's preferred vendor. The decision to appoint Cognizant as AXA UK&I's new strategic technology partner was announced in March 2022.

Approved by the Board on 11 August 2022 and signed on its behalf by:


M. A. Vardy
Director

AXA PPP Healthcare Group Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Future Developments

Future developments are discussed in the Strategic Report.

Directors of the Company

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

F. A. Craig

T. N. Garrad

A. E. Matty

M. A. Vardy

Dividends

During the year the Company declared and paid no dividends (2020: £nil).

Political donations

The Company made no donations for political purposes.

Employment of disabled persons

Full and fair consideration is also given to disabled persons, including the rehabilitation and retention of staff who become disabled, having regard to their particular aptitudes and abilities.

Employee involvement

The Company is committed to a policy of equal opportunity in recruitment, training, career development and promotion of staff, irrespective of gender, gender reassignment, marital status, ethnicity, sexual orientation, religion or belief of age, disability, pregnancy or any other protected ground.

Great importance is placed on good communication with employees and in seeking to inform and involve staff in the development of the AXA UK Group operations and in the achievement of the global business goals.

A full range of written, audio, video and regular face-to-face communications, including team briefings, regular appraisals, company news briefings and various bulletins is used. Regular consultation is maintained with independent and certified trade unions and other employee representative bodies on the complete range of employment and business issues.

Information covering the engagement of employees, the engagement of suppliers, customers and others in business relationship and corporate governance arrangements are included within the section 172 statement on pages 3 to 6.

Branches outside the United Kingdom

The Company does not operate branches outside the UK.

Streamlined Energy and Carbon Reporting

The Company qualifies as a low energy user in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and is therefore exempt from reporting on its energy usage and carbon dioxide equivalent emissions for the year ended 31 December 2021.

AXA PPP Healthcare Group Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Going concern

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

The AXA Health Group has detailed budgets, plans and forecasts have been prepared and reviewed setting out the continued financial position of the AXA Health Group for the next 12 months, that include the Company, and are considered within the strategic plan to 2023, approved by the board. In recognition of the uncertainty arising through the COVID-19 pandemic and rising inflation, plans and forecasts have been re-modelled using sensitivity 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 current uncertain economic outlook arising in part from the COVID-19 pandemic, its impacts so far, and inflationary pressures and has adequate resources to continue in operational existence for the foreseeable future. This is ensured by the assurance of continued financial support obtained from AXA UK plc in the form of a letter of support.

Accordingly, they continue to adopt the going concern basis in preparing the annual financial report.

Directors' qualifying third party and pension scheme indemnity provision

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.

Corporate governance statement

A separate corporate governance statement has been presented on pages 10 to 14.

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.

Non-adjusting events after the financial period

On February 24, 2022, Russia invaded Ukraine, triggering a war and worldwide geopolitical tensions, leading the United States, Europe, the United Kingdom and some other countries to impose unprecedented financial and trade sanctions on the Russian economy, including asset freezes and restrictions on individuals and institutions, notably the Russian Central Bank.

The directors are closely monitoring the situation and the direct and indirect impact on the Company. The Company has well established and robust policies and procedures to ensure adherence to all regulatory requirements. Although the situation is evolving, the directors are confident that any direct exposure is negligible, and the operational impact is not material.

The macro-economic environment is similarly being closely monitored, and in particular the impact on financial markets, inflation and interest rates. The Company forms part of the AXA UK Group which has an established risk management framework which details how each financial risk profile is identified, measured, monitored and controlled.

AXA PPP Healthcare Group Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Statement of directors' responsibilities

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

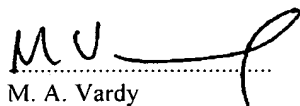
Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 then 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 11 August 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'M. A. Vardy', written over a horizontal dotted line.

M. A. Vardy
Director

AXA PPP Healthcare Group Limited

Corporate Governance Report

For the year ended 31 December 2021, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council (FRC) in December 2018 and available on the FRC website). The Company has adopted the Wates Principles as an appropriate framework in which to disclose its corporate governance arrangements.

Principle 1 - Purpose and Leadership

The principal activity of the Company is the provision of services to other companies in the AXA Health structure. The Company is a wholly-owned subsidiary within the AXA Group, a worldwide leader in insurance and asset management. As one of the largest global insurers, AXA's purpose is to "act for human progress by protecting what matters". The Company is aligned to AXA's core values of Customer First (all our thinking starts with the customer), Integrity (we are guided by strong moral principles), Courage (we speak our mind and act to make things happen), and One AXA (being together and being different makes us better).

AXA's values are underpinned by commitments to help influence the way decisions are made and how business is conducted. They guide how the Company serves its customers, interacts with suppliers, makes decisions and recruits, promotes and manages employees. The values and commitments drive the behaviours at AXA, defining and shaping the One AXA culture. The directors consider AXA's purpose and values appropriate to the Company and apply them to the business where relevant.

Despite a significant level of continuing uncertainty triggered by the Covid-19 pandemic and its consequences within society, government and the economy, AXA has demonstrated both high agility and strong resilience during the year with a stable financial outlook for 2022 and beyond.

The Company and the wider AXA Health group strive to be responsible employers, placing employee engagement at the heart of the AXA Health business. Achieving this means creating a workplace built on AXA's values that fosters diversity and equal opportunities for all, promotes employee participation, encourages professional development, and supports employee well-being. The Company has access to four Employee Networks providing an opportunity for employee-communities to promote positive cultural change within the business and the Company participates in and facilitates these. The Company and the wider AXA Health group recognise the importance of workforce unions and engage with them regularly to maintain positive working relationships. Feedback is sought through quarterly Pulse surveys, where staff can provide their views on how the business is performing against its strategic objectives and key values.

Diversity and inclusion are key to creating a culture of trust and respect. The AXA UK Group has a Diversity & Inclusion Board, which meets quarterly and is sponsored by Tracy Garrad, CEO AXA Health and a member of the AXA UK & Ireland Management Committee. There are regular online diversity and inclusion live exchanges and a number of focus groups have been conducted with employees on ethnicity, gender and disability, providing opportunities for employees to ask questions to senior leaders.

The Company and the wider AXA Health group strive to build trusted relationships with customers and to always treat them fairly, providing commitment to our customers that the business delivers against its purpose.

Principle 2 - Board Composition

The Board of the Company comprises the AXA Health Chief Executive and three Executive Directors from the AXA Health Executive team. The directors consider the size and composition of the Board to be proportionate to the scale and complexity of the business. All directors have equal voting rights.

AXA PPP Healthcare Group Limited

Corporate Governance Report (continued)

The Company's directors continue to keep their knowledge, skills and familiarity with the business current and up to date by engaging with senior management, attending appropriate external seminars, and internal and external training courses. All new directors undergo individually tailored induction (depending on their current skillset, experience and knowledge). This is also designed to ensure that the collective Board has the correct tools to address and balance stakeholders' interests with the company's business needs. The Company Secretary is the first point of contact for directors seeking advice and services. Directors can also take professional advice at the Company's expense.

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, with a diversity and inclusion agenda that goes beyond the protected characteristics of the Equality Act 2010. Recruitment processes (including those for directors) follow the diversity and equal opportunities policy.

Principle 3 - Director Responsibilities

Accountability

The Board delegates certain decision-making powers to Committees and individuals. This allows those with appropriate knowledge and industry experience to make effective decisions whilst Board oversight is maintained. The Board has adopted a Corporate Authorities document which clearly sets out the Board's terms of reference, matters that are reserved to the Board, signing authorities and delegation to Committees and individuals. This is reviewed at least annually (and whenever there is a significant change) and is considered and re-approved as necessary by the Board each year. Each Director has a clear understanding of their accountability and responsibilities.

The Company Secretary maintains a Register of Director's Interests, which is updated when a change occurs. All directors complete a conflicts of interest questionnaire annually and are regularly reminded of their statutory duties and personal obligations to avoid conflicts. Directors are regularly reminded to disclose any additional interests of which the Board should be aware.

Committees

The Board delegates certain of its duties to AXA UK Group Committees (Audit, Risk, Remuneration & Nomination), which operate under clearly defined terms of reference. Board Committees are chaired by Non-Executive Directors and the membership of the Audit and Risk Committees are comprised solely of independent Non-Executive Directors. This allows the Non-Executives to constructively challenge the executives. The Independent Non-Executive Directors are wholly independent in that they have no material business or relationships with the Company that might influence their independence or judgement. Although the Board delegates a range of tasks, the Board itself retains ultimate responsibility for the affairs and management of the Company.

Integrity of information

The Board receives reports from management at its meetings. It reviews the information provided and provides appropriate enhancements and challenge. Key financial information is collated from AXA UK's various accounting systems. AXA UK's finance function is appropriately qualified to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. Financial information is currently externally audited by Mazars LLP on an annual basis, and financial controls are reviewed by the AXA UK internal audit function.

The Audit Committee is aware of, and comfortable with, the scope of work planned by the internal auditors. The Committee receives a summary of the proposed audit plan, highlighting the budget / resource available, the rationale for the plan, and any limitations in its scope. Once agreed by the Committee any significant changes proposed to the plan are notified to the Committee by the Head of Internal Audit.

AXA PPP Healthcare Group Limited

Corporate Governance Report (continued)

Principle 4 - Opportunity and Risk

The Board is responsible for strategic decision-making and risk management and has delegated authority to the AXA UK Combined Boards Risk Committee to assist in its oversight of risk. The AXA UK Combined Boards Risk Committee adopts a forward-looking approach, anticipating changes in business conditions as well as reviewing the risk profile of the operating entities and the AXA UK Group as a whole. It also considers the effectiveness of its risk management framework, use of the capital model and relevant regulatory requirements.

The AXA UK Combined Boards Risk Committee, which meets at least quarterly, is comprised of Independent Non-Executive Directors, and ensures that inherent and emerging risks are identified and managed appropriately and in a timely manner. The directors of the Company have considered the terms of reference and the membership of the AXA UK Group Risk Committee and concluded that it is an appropriate body to consider the Company's risks. The Board monitors and implements the Committee's decisions where appropriate.

Opportunity

The Company's success is closely connected to the success of AXA PPP healthcare limited and the wider AXA Health group. Its activities are aligned to the AXA Health strategy, which is considered and agreed by the AXA PPP healthcare limited Board annually. The Company's key operational risks and mitigations are outlined in the Strategic Report.

The Chief Risk Officer reports key risk matters directly to the AXA UK Combined Boards Risk Committee, which establishes the risk control framework by validating both risk policy and risk strategy. AXA UK has an Enterprise Risk Management Framework for effective management of risks across its business, applying to all entities including AXA Health. Risk strategy and culture is articulated through risk appetites, policies and processes, and operated through the governance and day to day decision making.

Responsibilities

AXA Group has developed a formal set of standards (the "AXA Group Standards") in order to promote a consistent approach to governance, supported by an effective risk management framework. The Company complies with all relevant AXA Group Standards, including those relating to internal control, risk management and solvency management.

AXA UK (and in turn, the Company) has a comprehensive system of internal controls designed to ensure that executives are informed of significant risks on a timely and continuing basis, and have the necessary information and tools to appropriately analyse and manage these risks.

The Company's systems and controls are designed to provide reasonable reassurance to the Board and senior management regarding the achievement of objectives, ensuring effectiveness and efficiency of operations, reliable financial and non-financial reporting, and compliance with laws, regulations and policies.

Principle 5 - Remuneration

The Board delegates authority to the AXA UK Remuneration & Nomination Committee to assist it with certain remuneration matters. The Committee has clearly defined terms of reference and is responsible for making recommendations to the Board in accordance with the AXA Group Remuneration Policy and as required by regulation. As at 31 December 2021, the Committee was comprised of the Chairman of AXA UK, six Independent Non-Executive Directors and a Non-Executive Director from within the AXA Group.

In October 2021, the AXA UK plc Board decided to split the AXA UK Remuneration & Nomination Committee into separate forums. The separation of the Remuneration and Nomination Committees will become effective in 2022, subject to and with effect from regulatory approval for the required Senior Management Function holders (Non-Executive Chairs).

AXA PPP Healthcare Group Limited

Corporate Governance Report (continued)

The AXA Group Remuneration Policy sets out the remuneration principles applicable to all AXA Group companies and their employees. It is designed to support the Group's long-term business strategy and to align the interests of its employees and other stakeholders by: (i) establishing a clear link between performance and remuneration over the short-, medium- and long-term; (ii) ensuring that the AXA Group can offer competitive compensation arrangements across the multiple markets in which it operates while avoiding potential conflicts of interest that may lead to undue risk taking for short-term gain; and, (iii) ensuring compliance with Solvency II regulations and any other applicable regulatory requirements.

Pay is aligned with performance and takes into account fair pay and conditions across the AXA UK Group's workforce. Executive remuneration is reviewed annually and in the event of significant change in the structure and size of the Company's operations, with reference to market data and trends. AXA UK has formally adopted the Willis Towers Watson methodology for job grading for all levels (executive and other employees), an approach that aligns with AXA Group. A full benchmarking review will next take place in 2021 ahead of the 2022 annual remuneration review process.

The AXA UK Group is an equal opportunities employer and promotes an environment of diverse cultures, ideas, people and perspectives. It continued to report on Gender Pay and has signed the Women in Finance Charter (WIFC).

Principle 6 - Stakeholders

The Board understands that good governance and effective communication are critical factors to ensure the Company's brand, reputation and relationships with all stakeholders, including shareholders, customers, employees, suppliers and the local communities are effective and supportive of the way in which the Company wants to work. The Board participates in all relevant AXA UK Group engagement initiatives, delegating responsibility to group staff and Committees as appropriate.

Stakeholder engagement is a key part of AXA's overall strategy and its approach to sustainability. Engagement improves AXA's understanding of its operating environment and helps the business to take better business decisions. Accountability and transparency are key with all external stakeholders and with representatives of government and other opinion leaders, whilst maintaining an open and visible presence in the media. The Company's fundamental purpose of acting for human progress to protect what matters is demonstrated and supported in active engagement across industry bodies and our stakeholder community.

For further details, please refer to the Section 172 report on pages 3-6 of the annual report and financial statements.

Employees

The Company aims to create an empowering, innovative, flexible and supportive working environment for its workforce. Diversity and inclusion is actively promoted and supported, allowing the workforce to contribute to the business's success in their own unique way.

For further details, please refer to the Section 172 report on pages 3-6 of the annual report and financial statements.

AXA PPP Healthcare Group Limited

Corporate Governance Report (continued)

Environment

As a global organisation AXA has set stretching carbon targets to further align its business with the Paris Agreement, has a green investment target of €24 billion by 2023 and has committed to an investment “warming potential” target of 1.5 °C by 2050. From a Group perspective, AXA has sent a clear message by signing up to the RE100, stating a commitment to source 100% renewable electricity by 2025, and Chaired the UN-convened Net-Zero Insurance Alliance. In addition, the AXA Research Fund, which was created in 2007, encourages scientific research that helps understanding and prevention of environmental, life and socio-economic risks.

At an AXA UK level, a Strategic Climate Change Working Group was established in 2021 to help accelerate AXA UK & Ireland climate change actions, aligned to the Group’s focus. The Working Group provides a single and consistent point of contact with AXA Group and the AXA Research Fund.

The Company’s directors are committed to the Group’s ambitions and demonstrate this in the following ways:

- AXA Health is committed to reducing its impact on the environment by actively managing the use of energy, paper and water consumption, as well as carbon emissions and waste
- AXA Health is committed to reducing its own carbon footprint, for example by committing to be 100% renewable by 2025 in line with RE100.
- AXA Health matches 96% of the electricity used across their UK operations against renewable generation (REGO certified)

AXA PPP Healthcare Group Limited

Independent Auditor's Report to the Members of AXA PPP Healthcare Group Limited

We have audited the financial statements of AXA PPP Healthcare Group Limited (the 'company') for the year ended 31 December 2021 which comprise 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 2021 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 director's 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;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

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.

AXA PPP Healthcare Group Limited

Independent Auditor's Report to the Members of AXA PPP Healthcare Group Limited (continued)

Other information

The other information comprises the information included in the annual report, 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 the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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 9, the directors are responsible for the preparation of the Annual Report and 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.

AXA PPP Healthcare Group Limited

Independent Auditor's Report to the Members of AXA PPP Healthcare Group Limited (continued)

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 laws and regulations related to the UK GDPR and Data Protection Act, the Health and Safety Act, the Bribery Act and the Proceeds of Crime and Anti-Money Laundering Act and Employment law might have a material effect on the financial statements.

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:

- 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;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the UK tax legislation, pension legislation, 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, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

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.


AXA PPP Healthcare Group Limited

Independent Auditor's Report to the Members of AXA PPP Healthcare Group Limited (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.


Leanne Finch (Aug 11, 2022 22:01 GMT+1)

.....
Leanne Finch (Senior Statutory Auditor)
For and on behalf of Mazars LLP

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

11 August 2022

AXA PPP Healthcare Group Limited

Profit and Loss Account for the Year Ended 31 December 2021

		2021 £ 000	As restated 2020 £ 000
Turnover	4	149,544	117,348
Administrative expenses		<u>(149,544)</u>	<u>(117,348)</u>
Operating profit/(loss)		<u>-</u>	<u>-</u>
Income from shares in group undertakings		10,000	7,866
Other interest receivable and similar income		109	160
Interest payable and similar charges		(109)	(160)
Loss from disposals of investments in subsidiaries		-	(12)
Investment income		37	23
Share of loss of equity accounted investees		<u>(76)</u>	<u>(812)</u>
		<u>9,961</u>	<u>7,065</u>
Profit before tax		9,961	7,065
Tax on profit on ordinary activities	6	<u>1,030</u>	<u>(4)</u>
Profit for the year		<u><u>10,991</u></u>	<u><u>7,061</u></u>

The above results were derived from continuing operations.

AXA PPP Healthcare Group Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Profit for the year		10,991	7,061
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations	6, 14	<u>(1,579)</u>	<u>(723)</u>
Total comprehensive income for the year		<u>9,412</u>	<u>6,338</u>

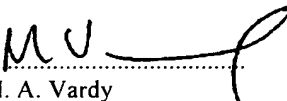
The notes on pages 23 to 42 form an integral part of these financial statements.

AXA PPP Healthcare Group Limited

(Registration number: 3148346)
Balance Sheet as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Investment in subsidiaries and joint ventures	10	120,653	114,195
Other investments	11	<u>2,539</u>	<u>4,836</u>
		<u>123,192</u>	<u>119,031</u>
Current assets			
Debtors	12	8,548	7,442
Creditors: Amounts falling due within one year	13	<u>(19,094)</u>	<u>(24,546)</u>
Net current liabilities		<u>(10,546)</u>	<u>(17,104)</u>
Net assets excluding post-retirement healthcare scheme liability		112,646	101,927
Post-retirement healthcare scheme	14	<u>(11,568)</u>	<u>(10,261)</u>
Net assets		<u>101,078</u>	<u>91,666</u>
Capital and reserves			
Called up share capital	15	10,000	10,000
Revaluation reserve	16	(227)	(227)
Other reserves	16	(1,067)	(1,067)
Profit and loss account	16	<u>92,372</u>	<u>82,960</u>
Shareholder's funds		<u>101,078</u>	<u>91,666</u>

Approved by the Board on 11 August 2022 and signed on its behalf by:


.....
M. A. Vardy
Director

AXA PPP Healthcare Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Called up share capital £ 000	Revaluation reserve £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	10,000	(227)	(1,067)	82,960	91,666
Profit for the year	-	-	-	10,991	10,991
Other comprehensive income	-	-	-	(1,579)	(1,579)
Total comprehensive income	-	-	-	9,412	9,412
At 31 December 2021	<u>10,000</u>	<u>(227)</u>	<u>(1,067)</u>	<u>92,372</u>	<u>101,078</u>

	Share capital £ 000	Revaluation reserve £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020	10,000	(227)	(1,067)	76,622	85,328
Profit for the year	-	-	-	7,061	7,061
Other comprehensive income	-	-	-	(723)	(723)
Total comprehensive income	-	-	-	6,338	6,338
At 31 December 2020	<u>10,000</u>	<u>(227)</u>	<u>(1,067)</u>	<u>82,960</u>	<u>91,666</u>

The notes on pages 23 to 42 form an integral part of these financial statements.
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AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The principal activity of the Company is the provision of services to other companies in the AXA PPP group structure.

The Company is a private limited company limited by shares under the Companies Act 2006, which is incorporated and domiciled in the United Kingdom ("UK").

The address of its registered office is:

20 Gracechurch Street

London

EC3V 0BG

United Kingdom

These financial statements were authorised for issue by the Board on 11 August 2022.

2 Accounting policies

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, and in accordance with the Companies Act 2006.

The Company has detailed budgets, plans and forecasts, which have been prepared and reviewed setting out the continued financial position of the Company for the next 12 months and are considered within the strategic plan of AXA Insurance UK plc to 2023, approved by the board. The directors consider that the financial impact of the COVID-19 virus on the UK economy and the Company 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 which incorporate the impact on trading, unemployment levels, financial markets and GDP, covering short, medium and longer-term time scales.

The directors believe that the Company is well placed to manage its business risks despite the current uncertain economic outlook, and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. This is ensured by the assurance of continued financial support obtained from AXA UK plc in the form of a letter of support. Accordingly, they continue to adopt the going concern basis in preparing the annual financial report.

The employee cost and staff numbers have been reassessed with the removal of a number of items that were not considered to relate to the differing categories included within the disclosure note. Also amounts relating to AXA Global Healthcare Limited have been removed, due to the company not forming part of the AXA PPP Healthcare Group of companies. This has resulted in the prior year amounts being restated to bring into line with the current year, consequently Turnover and Administrative expenses have decreased by £43.6m and staff numbers increased by 808.

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 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.

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

- (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 requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1.
- (d) 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'.
- (e) The requirements of IAS 7 'Statement of Cash Flows'.
- (f) The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- (g) The requirements of paragraph 17 and 18A of IAS 24 'Related Party Disclosures'.
- (h) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135 (c) to 135 (e) of IAS 36 'Impairment of Assets', provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- (i) The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

Exemption from preparing group accounts

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

The Company has taken advantage of section 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.

Revenue recognition

Recognition

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

The main performance obligations in contracts consist of services to group companies. For all contracts the stage of completion and delivery of performance obligations are measured using an output method based on employee's service levels, in reference to the proportion of the service provided on a time elapsed basis.

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

Staff employed by the Company are members of 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 share 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. As the outcome of various restructuring activities and movement of staff between companies in the AXA UK Group, it is not feasible to allocate the defined benefit scheme assets and liabilities to individual participating companies. Consequently, the Company recognises its contribution payable for the period as permitted by IAS 19 'Employee benefits' for defined benefit plans that share risks between companies under common control.

The charge for pension costs principally represents the costs of providing pension benefits to staff employed by subsidiaries of the Company in respect of their service during the year. The associated costs of providing pensions are recharged to the respective entity, as the contributions become payable in accordance with the rules of the relevant scheme.

Post retirement healthcare scheme

The Company offers healthcare benefits on a non-contributory basis to certain employees on retirement. The scheme is accounted for in accordance with IAS 19 'Employee benefits'. The liabilities in respect of this benefit are unfunded and recognised on the Balance Sheet.

The scheme liabilities are measured on an annual basis by an independent qualified actuary. The methodology underlying the calculations is very similar to that used for an actuarial valuation of a pension scheme. It involves the projection of estimated future benefit payments on the basis of certain assumptions and then the discounting of these future payments back to present capital values. The change in present value of the scheme liabilities is recognised in the Profit and Loss Account. The expected increase during the period in the present value of the scheme liabilities, arising from the passage of time is included as other finance charges. Actuarial gains and losses are recognised in the Statement of Comprehensive Income.

Investments in group undertaking

Investments in group undertakings are stated at cost, unless their value has been impaired, in which case they are valued at their recoverable amount, being the greater 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.

Interests in joint ventures are initially recognised at cost and then accounted for using the equity method, where the investment is adjusted after initial recognition to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income.

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Assets classified as held for sale

A non-current asset or group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group is allocated to assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets and deferred tax assets, which continue to be measured in accordance with the Company's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

Tax

The tax income for the period comprises current and deferred tax. Tax is recognised in the Profit and 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 credit is calculated on the basis of the tax laws enacted or substantively 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. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination than, at the time of the transaction, affect neither accounting not taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been 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 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.

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.

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the Balance Sheet, although excluding deferred tax assets, prepayments, 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 amortised cost.

Classification and measurement

Financial instruments are classified at inception into the category amortised cost.

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 fair value through profit or loss ("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.

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.

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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 measures loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVPTL, namely debtors and loans from related parties.

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.

For debtors from related parties, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the debtors.

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.

3 Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in compliance with FRS 101 requires management to monitor and exercise judgement in the selection and application of appropriate accounting policies and in the use of accounting estimates.

Post-retirement healthcare scheme

The carrying value of the post-retirement healthcare scheme at the reporting date of £11,568k (2020: £10,261k) is based on a qualified actuarial valuation, as explained in the accounting policy and note 13. Significant judgement is applied to estimate the discount rate, mortality assumptions, and future healthcare costs.

Impairment of investments in subsidiaries and joint ventures

The carrying value of investments in subsidiaries and joint ventures is £120,653k (2020: £114,195k) as disclosed in note 10. Significant judgement is applied to estimate the discount rate and the forecasts on which the impairment test is based.

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

4 Turnover

The analysis of the Company's turnover for the year from continuing operations arising from activities entirely within the UK, is as follows:

	2021	(restated) 2020
	£ 000	£ 000
Group recharges	<u>149,544</u>	<u>117,348</u>

5 Auditor's remuneration

	2021	2020
	£ 000	£ 000
Fees payable to the Company's auditor for the audit of the Company accounts	<u>10</u>	<u>9</u>

6 Taxation

Tax (credited)/charged in the Profit and Loss Account

	2021	2020
	£ 000	£ 000
Current taxation		
UK corporation tax	(35)	6
UK corporation tax adjustment to prior periods	<u>-</u>	<u>3,324</u>
Total current tax (credit)/charge	<u>(35)</u>	<u>3,330</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(995)	(1)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>-</u>	<u>(3,325)</u>
Total deferred taxation	<u>(995)</u>	<u>(3,326)</u>
Tax (credit)/charge in the Profit and Loss Account	<u>(1,030)</u>	<u>4</u>

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

6 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	9,961	7,065
Corporation tax at standard rate	1,893	1,342
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	14	157
Deferred tax credit relating to changes in tax rates or laws	(1,037)	-
Decrease from effect dividends from UK companies	(1,900)	(1,495)
Total tax (credit)/charge	(1,030)	4

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 have been measured using these enacted 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:

	2021			2020		
	Before tax £ 000	Tax (expense) benefit £ 000	Net of tax £ 000	Before tax £ 000	Tax (expense) benefit £ 000	Net of tax £ 000
Remeasurements of post employment benefit obligations	(1,526)	(53)	(1,579)	(892)	169	(723)

Deferred tax

Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

2021	Asset £ 000
Accelerated tax depreciation	-
Other post-employment benefits	2,892
	<u>2,892</u>

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

6 Taxation (continued)

2020	Asset £ 000
Accelerated tax depreciation	-
Other post-employment benefits	1,950
	<u>1,950</u>

Deferred tax movement during the year:

	At 1 January 2021 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	-	-	-	-
Other post-employment benefits	1,950	995	(53)	2,892
Net tax assets/(liabilities)	<u>1,950</u>	<u>995</u>	<u>(53)</u>	<u>2,892</u>

Deferred tax movement during the prior year:

	At 1 January 2020 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2020 £ 000
Accelerated tax depreciation	-	-	-	-
Other post-employment benefits	-	3,326	(1,376)	1,950
Net tax assets/(liabilities)	<u>-</u>	<u>3,326</u>	<u>(1,376)</u>	<u>1,950</u>

7 Employee numbers and costs

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

	2021 £ 000	As restated 2020 £ 000
Wages and salaries	118,701	92,386
Social security costs	12,890	10,297
Pension costs, defined contribution scheme	17,953	14,673
	<u>149,544</u>	<u>117,356</u>

The majority of the staff employed by the Company work for AXA PPP healthcare limited, a fellow subsidiary company, and AXA ICAS Limited, a subsidiary undertaking of the Company. The staff costs relating to these employees are recharged through the management fees.

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

7 Employee numbers and costs (continued)

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

	2021	As restated 2020
	No.	No.
Administration and support	1,537	1,811
Sales, marketing and distribution	1,085	955
Other departments	660	689
	<u>3,282</u>	<u>3,455</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£ 000	£ 000
Remuneration	565	871
Directors amount under long term incentive schemes in respect of qualifying services	8	154
Contributions paid to defined contribution schemes	46	9
	<u>619</u>	<u>1,034</u>

During the year the number of directors who were receiving benefits was as follows:

	2021	2020
	No.	No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>1</u>

Amounts attributable to highest paid director

	2021	2020
	£ 000	£ 000
Remuneration	338	508
Benefits under long-term incentive schemes (excluding shares)	-	154
Company contributions to defined contribution pension schemes	24	-

Mrs. T. N. Garrad was also a director of AXA 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.

Mr. F. A. Craig was also a director of AXA Health Services Limited during the year and his emoluments, which relate to his services to the AXA Group as a whole, are disclosed in the financial statements of that company.

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

9 Other gains and losses

The analysis of the Company's other gains and losses for the year is as follows:

	2021 £ 000	2020 £ 000
Gain from disposals of investments in group undertakings	-	(12)

10 Investment in subsidiaries and joint ventures

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2020	107,735
Additions	7,866
Disposals	(3,594)
At 31 December 2020	112,007
At 1 January 2021	112,007
Additions	5,334
At 31 December 2021	117,341
Carrying amount	
At 31 December 2021	117,341

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2021	2020
AXA PPP Administration Services Limited*	Management services	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%
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 Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Investment in subsidiaries and joint ventures (continued)

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2021	2020
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%
PPP Taking Care Limited*	Telecare services	20 Gracechurch Street, London, EC3V 0BG, UK	Ordinary shares	100%	100%
AXA Health Limited*	Healthcare intermediary	20 Gracechurch Street, London, EC3V 0BG, UK	Ordinary shares	100%	100%

* indicates direct investment of the Company.

In the opinion of the directors the aggregate value of the subsidiaries is not less than the aggregate of the amounts at which they are stated in the Balance Sheet.

Impairment

An impairment review was conducted using cash flow projections based upon business plans approved by management, with a risk adjusted discount rate of 8.75%. Cash flows from the end of the plan period were extrapolated using a steady 2.5% growth rate and terminal value. The four year projection is lower than the standard projection period of 5 years under IAS 36 'Impairment of Assets'. This period better reflects that of the detailed management plans designed to grow the business.

Additions

The additions represents capital contributions provided to subsidiaries AXA PPP Taking Care Limited for £2,334k and AXA ICAS Limited £3,000k and a capital contributions made to the joint venture Doctor@hand Diagnostics Limited for £1,200k.

Disposal

On 19 March 2020 AXA PPP Healthcare Group Limited sold ICAS International Holdings Limited and its subsidiaries (ICAS Orientacion Independiente S.L., Sangano Investment Holdings Proprietary Limited, ICAS Employee Organisation Enhancement Services Southern Africa (PTY) Limited, ICAS Managed Care Proprietary Limited and ICAS International Holdings Limited (DMCC Branch)) to Rox Equity Partners Limited for a consideration net of sale costs of £3.6m. The sale resulted in a loss of £12k, shown within the profit and loss account.

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Investment in subsidiaries and joint ventures (continued)

Joint ventures

	£ 000
At 1 January 2020	3,000
Share of loss of joint venture	(812)
	<u>2,188</u>
At 31 December 2020	2,188
At 1 January 2021	2,188
Additions	1,200
Share of loss of joint venture	(76)
	<u>3,312</u>
At 31 December 2021	<u>3,312</u>
Carrying amount	
At 31 December 2021	<u>3,312</u>
At 31 December 2020	<u>2,188</u>

Details of the joint ventures as at 31 December 2021 are as follows:

Name of Joint-ventures	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Doctor at hand diagnostics Limited +	Digital healthcare services	20 Gracechurch Street, London, EC3V 0BG, UK	50%	50%

+ indicates accounted for using the equity method

11 Other investments

	2021 £ 000	2020 £ 000
Loan to subsidiary undertaking	-	2,325
Loan to joint venture	2,539	2,511
	<u>2,539</u>	<u>4,836</u>

Loans to related parties include a 5 year term loan at LIBOR(3 month) + 0.44% per annum held with PPP Taking Care Limited, and a working capital loan at LIBOR(3 month) + 1.50% held with Doctor@hand Diagnostics Limited, covering a 3 year period. The loan with PPP Taking Care Limited was written off in the year and converted to a capital contribution.

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

12 Trade and other debtors

	Note	2021 £ 000	2020 £ 000
Debtors from related parties		5,630	4,632
Other debtors		26	860
Deferred tax assets	6	<u>2,892</u>	<u>1,950</u>
		8,548	7,442
Less non-current portion		<u>(2,892)</u>	<u>(1,950)</u>
Total current trade and other debtors		<u><u>5,656</u></u>	<u><u>5,492</u></u>

Debtors from related parties are unsecured, repayable within one year, and non-interest bearing.

The non current portion relates to deferred tax assets.

13 Creditors: Amounts falling due within one year

	2021 £ 000	2020 £ 000
Amounts due to related parties	<u>19,094</u>	<u>24,546</u>

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

14 Post-employment benefits

Defined benefit pension schemes

AXA UK Pension Scheme

Staff engaged in the Company's activities are members of the AXA UK Pension Scheme which embraces a number of companies in the AXA UK Group. The Scheme has both defined benefit and defined contribution sections but the Company is unable to accurately identify its share of the underlying assets and liabilities of the defined benefit section. There is no contractual agreement or stated policy for charging the net defined benefit cost to the Company, as such the Company has recognised within the financial statements a cost equal to its contribution for the period. On 31 August 2013 the AXA UK Pension Scheme closed to both new members and future accrual and all remaining active members moved to deferred status.

Responsibility for the governance of the plan, including investment decisions, contribution schedules and scheme administration, lies with a single trustee board consisting of company appointed directors and member nominated directors. Additionally, the Law debenture pension trust corporation is a director, acting on behalf of the Trustee board with Special Director Status.

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

14 Post-employment benefits (continued)

The AXA UK Group pension scheme is targeted to be fully funded over a ten year time horizon (2031), contributions are payable in the event that the funding deficit is below a pre-agreed anticipated level. 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 between the Trustee and AXA UK that over the next annual reporting (2022) period the contributions to be paid will be £nil as a prepayment was made in respect of the obligations in 2021 of £98m. The assumptions adopted for the triennial actuarial valuations are determined by the Trustee and are normally more prudent than the assumptions adopted for IAS 19 purposes, which are on a best estimate basis.

An internal review by AXA UK of the defined benefit scheme, revealed an IAS 19 surplus of £376m as at 31 December 2021 (£283m surplus as at 31 December 2020). 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, and relates only to the defined contribution scheme, is £18.0m (2020: £17.0m).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in respect of the AXA UK group pension scheme are as follows:

	2021 £ 000	2020 £ 000
Fair value of scheme assets	6,087,602	6,081,353
Present value of scheme liabilities	<u>(5,711,610)</u>	<u>(5,798,271)</u>
Defined benefit pension scheme surplus	<u>375,992</u>	<u>283,082</u>

Scheme assets

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

	2021 £ 000	2020 £ 000
Fair value at start of year	6,081,353	5,695,873
Interest income	64,486	97,828
Return on plan assets, excluding amounts included in interest income/(expense)	21,446	476,635
Employer contributions	107,071	6,283
Benefits paid	(207,077)	(214,994)
Asset backed contribution	<u>20,323</u>	<u>19,728</u>
Fair value at end of year	<u>6,087,602</u>	<u>6,081,353</u>

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

14 Post-employment benefits (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2021 £ 000	2020 £ 000
Cash and cash equivalents	166,212	77,348
Equity instruments	3,921	7,207
Debt instruments	3,775,399	3,776,798
Real estate	312,842	292,752
Derivatives	94,829	243,784
Investment funds	1,224,883	1,178,571
Longevity hedge	(5,802)	8,023
Investment in limited partnership	293,000	319,000
Loan	222,318	177,870
	<u>6,087,602</u>	<u>6,081,353</u>

Actual return on scheme's assets

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the company.

Scheme liabilities

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

	2021 £ 000	2020 £ 000
Present value at start of year	5,798,271	5,432,633
Current service cost	9,071	6,283
Past service cost	-	3,605
Actuarial gains and losses arising from changes in demographic assumptions	52,306	15,589
Actuarial gains and losses arising from changes in financial assumptions	(116,773)	490,970
Actuarial gains and losses arising from experience adjustments	114,384	(29,036)
Interest cost	61,428	93,221
Benefits paid	<u>(207,077)</u>	<u>(214,994)</u>
Present value at end of year	<u>5,711,610</u>	<u>5,798,271</u>

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

14 Post-employment benefits (continued)

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:

	2021 %	2020 %
Discount rate	1.88	1.45
Future pension increases	3.07	2.75
Inflation (CPI)	<u>2.40</u>	<u>1.88</u>

Other post-retirement healthcare scheme

The Company offers certain healthcare benefits upon retirement, on a non-contributory basis, to substantially all employees who were employed prior to June 1989. The expected costs of this benefit, as at 31 December 2021, have been assessed in accordance with the advice of an independent qualified actuary based on the latest actuarial assessment as at 31 December 2021.

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 claims during the year amounting to £412k (2020: £218k).

Responsibility for the governance of the plan and scheme administration lies with the directors of the Company.

Financial assumptions

	2021 %	2020 %
Discount rate	1.88	1.45
Rate of increases in long-term medical expenses (after first five years)	6.00	5.00
Rate of increase in medical expenses over next five years	<u>6.00</u>	<u>5.00</u>

There are no scheme assets. Scheme liabilities are detailed below.

The amounts recognised in the Profit and Loss Account are as follows:

	2021 £ 000	2020 £ 000
Amounts recognised in operating profit		
Current service cost	<u>84</u>	<u>65</u>
Amounts recognised in finance income or costs		
Net interest	<u>109</u>	<u>160</u>
Total recognised in the Profit and Loss Account	<u>193</u>	<u>225</u>

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

14 Post-employment benefits (continued)

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2021 £ 000	2020 £ 000
Experience gain on liabilities	(608)	(96)
Change in financial assumptions	(924)	(750)
Gain on change in demographic assumptions	<u>6</u>	<u>(47)</u>
Amounts recognised in the Statement of Comprehensive Income (gross of tax)	<u>(1,526)</u>	<u>(893)</u>

Scheme liabilities

Changes in the present value of the post-retirement benefit obligation are as follows:

	2021 £ 000	2020 £ 000
At 1 January	(10,261)	(9,361)
Other finance charges	(109)	(160)
Current Service cost	(84)	(65)
Actuarial gains and losses	(1,526)	(893)
Benefits paid	<u>412</u>	<u>218</u>
Present value at end of year	<u>(11,568)</u>	<u>(10,261)</u>

Sensitivity analysis

The sensitivity analysis for significant actuarial assumptions showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that is reasonably possible for the year ended as of 31 December 2021 and 2020 is presented below:

	2021		2020	
	+ 0.5 £ 000	- 0.5 £ 000	+ 0.5% £ 000	- 0.5% £ 000
Adjustment to discount rate				
Present value of total obligation	<u>(844)</u>	<u>(948)</u>	<u>(729)</u>	<u>821</u>
	2021		2020	
	+ 0.1% £ 000	- 0.1% £ 000	+ 0.5% £ 000	- 0.5% £ 000
Adjustment to healthcare costs				
Present value of total obligation	<u>902</u>	<u>(902)</u>	<u>790</u>	<u>(790)</u>

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

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

14 Post-employment benefits (continued)

Maturity analysis of benefit payments

	Less than a year £ 000	Between 1-2 years £ 000	Between 2-5 years £ 000	Between 5-10 years £ 000	Between 10-15 years £ 000	Total £ 000
2021	437	898	917	2,251	10,388	14,891
2020	<u>414</u>	<u>840</u>	<u>852</u>	<u>2,025</u>	<u>9,074</u>	<u>13,205</u>

15 Called up share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
10,000,000 Allotted, called up and fully paid of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

All shares rank pari passu in all respects.

16 Reserves

Revaluation reserve

Represents unrealised changes in the value of investments in group undertakings, in accordance with a previous accounting policy.

Other reserves

Comprises the excess of the fair value of assets transferred to the Company over the nominal value of the shares issued in consideration for the assets.

Profit and loss account

Represents the accumulated profits and losses of the Company.

17 Immediate and ultimate parent

The Company's immediate parent is Guardian Royal Exchange plc.

The ultimate parent is AXA SA.

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

AXA PPP Healthcare Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

17 Immediate and ultimate parent (continued)

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.

18 Non adjusting events after the financial period

On February 24, 2022, Russia invaded Ukraine, triggering a war and worldwide geopolitical tensions, leading the United States, Europe, the United Kingdom and some other countries to impose unprecedented financial and trade sanctions on the Russian economy, including asset freezes and restrictions on individuals and institutions, notably the Russian Central Bank.

The directors are closely monitoring the situation and the direct and indirect impact on the Company. The Company has well established and robust policies and procedures to ensure adherence to all regulatory requirements. Although the situation is evolving, the directors are confident that any direct exposure is negligible, and the operational impact is not material.

The macro-economic environment is similarly being closely monitored, and in particular the impact on financial markets, inflation and interest rates. The Company forms part of the AXA UK Group which has an established risk management framework which details how each financial risk profile is identified, measured, monitored and controlled.