American Express Group Services Limited

Registered number 06613927

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

American Express Group Services Limited

Report and Financial Statements for the year ended 31 December 2019

Contents

Officers & Advisors

DIRECTORS

C Allen
J Hipkin
C Malec

SECRETARY

D Muddiman

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

BANKERS

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

REGISTERED OFFICE

Belgrave House
76 Buckingham Palace Road
London
SW1W 9AX

Directors' Report for the year ended 31 December 2019

The Directors present their report and the audited financial statements of American Express Group Services Limited ("the Company" or "AEGSL") for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is registered in England and Wales, domiciled in the United Kingdom and is part of the American Express Group of companies (the "Group" or "American Express"). The Company's immediate parent is American Express International Inc. and the Company's ultimate parent and controlling entity is American Express Company, both incorporated in the United States of America.

The principal activity of the Company is the provision of services to other companies within the American Express Group, predominantly in relation to the Global Network Services (GNS) and Network Solutions and Operations (NS&O) businesses.

Governance

The Directors are responsible for managing the Company's affairs and for ensuring that the operations of the Company are carried out effectively and with due regard to the reputation of American Express and the requirements imposed upon it by law, regulation and relevant regulatory bodies.

RESULTS AND DIVIDENDS

The results for the year are set out on page 15 and show the profit before taxation for the year ended 31 December 2019 of £31.2m (2018: £64.3m). The profit after taxation for the financial year was £25.3m (2018: £52.0m) and has been transferred to reserves. The Directors do not propose the payment of dividend (2018: £nil). Total Shareholders' Funds at 31 December 2019 stood at £211.0m (2018: £184.8m).

DIRECTORS

The Directors of the Company who served during the year and up to the date of signing the financial statements were:

C Malec - Chair (appointed 5th March 2019)
C Allen
J Hipkin
P Galani (resigned 5th March 2019)

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006, and as outlined in the Company's Articles of Association. Such qualifying third-party indemnity provision was in force during the financial year and remains in force as at the date of approving the Directors' report.

EMPLOYEE ENGAGEMENT STATEMENT

The American Express workforce within the UK, including, but not limited to, the Company's employees, is split among multiple UK based legal entities. Consequently, many of the Company's interactions with its employees, being cross functional in nature, are managed at a centralised level.

American Express appreciates that what its employees choose to do for a living is one of the most meaningful decisions they can make. American Express' role is to help everyone excel in their chosen roles. The Company and American Express as a whole provide experiences to become a great leader, a world of opportunities to grow careers, and an inclusive culture to help everyone thrive.

Directors' Report for the year ended 31 December 2019 (Continued)

EMPLOYEE ENGAGEMENT STATEMENT (Continued)

American Express believes that the best way to back its customers is to back its people. Accordingly, the Company places great emphasis on creating an environment where talented and diverse employees want to join, stay and grow their careers within the Group.

The Company enables all employees to maximise their potential through the American Express Leadership Academy providing formally structured, as well as self-directed, learning and development opportunities.

There is a strong commitment to inclusion and diversity, ensuring all employees can be themselves at work; grow their careers; and enable great results. The Company fosters an inclusive workforce culture through leading best practices such as pay equity processes with transparent guiding principles; supporting career progression; and enabling a broad range of flexible working practices.

In 2019, American Express was once again voted one of the Top 10 Employers in the UK by Working Families, the UK's leading work-life balance organisation.

It is the Company's policy not to discriminate against anyone or treat anyone less favourably than others on the basis of their disability or any protected characteristic. Opportunities for employment, training and promotion are equally open to all candidates. Selection for employment, promotion, transfer and training, and access to benefits, facilities and services are fair and equitable and based solely on merit, implementing workplace adjustments where appropriate. The Company has a dedicated Workplace Adjustments team and obtains additional advice, assessment and provision through a specialist external provider. The Company has a well-established Disability Awareness Network ("DAN") open to all employees across the organisation. The DAN seeks to create a fully inclusive workplace where employees with disabilities are encouraged and enabled to reach their full potential, through an environment that recognises, develops and leverages their talent. The Group has also established a strategic and multi-functional Disability Council which uses the Business Disability Forum's Disability Standard to ensure the Group continues to work towards becoming a disability-confident organisation.

Furthermore, the Group has an active Diversity Council that partners with over 12 Employees Networks to enable inclusion and diversity, and has delivered mandatory Inclusive Leadership training for all senior leaders. This has also been cascaded through the Company.

Employee mental health is a priority for the Group, and the Company has a number of initiatives and resources to support employee mental wellbeing. The Company has a team dedicated to health and wellbeing, which oversees the Healthy Living Hub (a wellbeing concierge service), the Healthy Minds Employee Assistance Programme with licensed counsellors offering virtual and in person sessions, an Emotional Wellbeing Therapist onsite offering Cognitive Behavioral Therapy and counseling, education and training, plus an online emotional wellbeing support platform. The Company also offers GP, nurse and Virtual GP services for fast and easy access to healthcare, as well as providing frequent webinars and virtual wellbeing sessions covering topics such as stress management, resiliency, mindfulness, and work life balance.

Consultation with employees and their representatives, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests; and ensuring they are aware of the financial and economic performance of their business units and of the Company as a whole, is well established.

Communication continues through regular internal communications, newsletters and briefing groups. The Group carries out an annual employee survey with a strong record of favourable results of which the results are communicated to all employees, discussed by the Board and acted upon if necessary.

Directors' Report for the year ended 31 December 2019 (Continued)

EMPLOYEE ENGAGEMENT STATEMENT (Continued)

The Company aims to achieve a balance between delivering market competitive remuneration in order to attract and retain talent; and optimising shareholder return. Eligible employees participate in the American Express Company Equity-settled share-based payment plans. Eligibility is based on seniority and the awards are performance driven.

A description of the plans and performance measure is available in the American Express Company's financial statements. See Note 4 for a summary description of the plans and the awards granted and outstanding during the year.

STAKEHOLDER ENGAGEMENT STATEMENT

The Board recognises that the fostering of good business relationships is crucial to the long-term success of the Company and Group as a whole. To this end, the Company has implemented an escalation framework so that issues impacting key stakeholders are escalated to the Board for its consideration. Given the company has no external customers, the key stakeholders for the Company are considered to be the other companies within the American Express Group who benefit from the services provided; and the Company's employees who form the majority of the expense base and are responsible for providing the services.

The Company has continued to support and develop its employees throughout the year, as further detailed in the Employee Engagement Statement. During the year ended 31 December 2019, there have been no material changes to the nature or extent of services provided by the Company and, as a result, there have been no principal decisions to be made by the Board in this regard. Were any issues to arise that would have an impact on the Company's key stakeholders, the escalation framework in place would ensure that all such issues were dealt with and resolved in an effective, timely and appropriate manner, enabling the Board to make informed decisions while acting in the best interests of the Company and its key stakeholders.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report for the year ended 31 December 2019 (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS (Continued)

In the case of each Director in office at the date the Directors' Report is approved:

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

CREDITOR PAYMENT POLICY

It is Company policy to pay vendors 60 days after submission of an invoice. The Company's average creditor period calculated by reference to the ratio of trade creditors at 31 December 2019 to amounts invoiced during the year was 17 days (2018: 9 days).

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable contributions during the year (2018: £nil).

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP are deemed to be reappointed as auditors under section 487(2) of the Companies Act 2006.

The financial statements on pages 15 to 42 were approved by the Board of Directors on 23 June 2020 and signed on its behalf by:

DocuSigned by:
Catherine Malec
37A004F3BB1245F...

C Malec
Chair

DocuSigned by:
Jonathan Hipkin
4ADE03F94D7F468...

J Hipkin
Director

23 June 2020

Strategic Report for the year ended 31 December 2019

The Directors present their strategic report of American Express Group Services Limited for the year ended 31 December 2019.

BUSINESS REVIEW

Objectives of the Company
The key objective of the Company is to provide high quality services to other American Express Group companies.

Business Strategy
The Company is focused on the key services which it provides. It aims to be appropriately remunerated for the services it provides and the costs it incurs.

The Company provides international services including supporting the GNS and NS&O businesses.

Employee Strategy
To support business objectives, key employee-related strategies include:

- Deliver a great employee experience, with leading inclusion and diversity practices at the forefront
- Grow the best talent, including the best-in-class people leaders
- Develop new ways of working to unlock enterprise value by focusing on continuous improvement, ensuring that total rewards fuel individual and enterprise performance, and creating an environment where well-being is a focus for all employees

FINANCIAL PERFORMANCE

For the services provided to American Express Limited ("AEL") in support of the GNS business, the Company continues to be remunerated through an allocation of the net profit pool reported in AEL in respect of that business. In 2019, the overall net profit pool reported in AEL, and the allocation percentage received by AEGSL decreased as compared to 2018, resulting in a £35.8m decrease in profit allocation. This was partially offset by a £10.0m increase in other Group charges in line with an increased cost base. As a result, the Company has recorded turnover for the year ended 31 December 2019 of £82.7m (2018: £108.5m) and a profit before taxation of £31.2m (2018: £64.3m). The retained profit for the financial year was £25.3m (2018: £52.0m) and has been transferred to reserves. The capital position of the Company increased during the year as reflected by Total Shareholders' Funds of £211.0m as at 31 December 2019 (2018: £184.8m).

A number of performance indicators are used to monitor the Company's progress against its strategies and objectives. As part of the monitoring of the Company's financial performance, the Directors review the costs incurred and cost recovery. In addition, non-financial indicators are monitored including average number of employees.

The Company saw increasing administrative expenses year on year, which predominantly consists of salaries and benefits and other related employee expenses. Whilst there has been a 2% reduction in the overall number of employees in 2019, the number of senior employees has increased, resulting in a 17% increase in administrative expenses.

During 2019, the cash generated by the Company has been loaned to other companies within the Group which has led to an increase in interest receivable and similar income.

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to limited financial risks. These financial risks are primarily market risk and liquidity risk. The Company is not considered to be subject to any significant credit risk as it only provides services to other American Express Group companies.

Due to the way that the Company is remunerated for certain services, the level of revenue recorded by the Company is linked to the performance of the GNS business. However, the Company's income under this arrangement will never fall below actual costs incurred.

The Company primarily adopts the American Express Group's Enterprise-Wide Risk Management ("ERM") program policies and strategies. The objective of the ERM is to identify, aggregate, monitor and manage risks in order to maintain and continuously improve risk management controls and processes that will enable profitable growth, while delivering outstanding customer service.

Market Risk

Market risk is the risk to earnings or asset and liabilities values resulting from movements in market prices. The Company's market risk exposure includes:

- Interest rate risk driven by changes in the relationship between the interest rates on the Company's assets and the interest rates on the Company's liabilities; and
- Foreign exchange risk arising from earnings, funding and transactions in currencies other than the functional currency.

The Company has interest-bearing assets, primarily cash and intercompany loans, that receive interest at floating short-term rates. These are managed in line with enterprise-wide Market and Liquidity Risk Policies.

Foreign exchange risk is generated by cross currency transactions and foreign currency Balance Sheet exposures. The Company is not ultimately exposed to any transactional foreign exchange gains or losses as they are borne by a related Group entity.

The Company adopts the Market Risk Policy within the ERM. The Market Risk Policy objective is to identify and manage market risk exposures within the policy limits in the context of the Group's overall business model while supporting sustainable earnings growth. This is accomplished by identifying, measuring and reporting such exposures on a periodic basis and by managing its exposures within the policy limits.

Liquidity Risk

Liquidity risk is defined as the inability of the Company to meet its ongoing financial and business obligations as they become due at a reasonable cost.

The Company primarily adopts the enterprise-wide Liquidity Risk Policy, which strives to ensure the Company can maintain franchise continuity during periods when its regular sources of funding become impaired. Franchise continuity includes the ability to fulfil the cash requirements arising from providing its products and services as it would if its funding sources were not impaired, as well as to satisfy its contractual cash obligations in the event it cannot raise new funds.

The Group will maintain access to diverse liquidity sources, which are available to the Company. The sources will be maintained in amounts sufficient to meet the Group's business requirements and expected future financial obligations for a period of at least twelve months in the event the Group is unable to raise new funds under its regular funding programs during a substantial weakening in economic conditions.

The Company actively maintains a mixture of finance that is designed to ensure it has sufficient available funds for business continuity.

FINANCIAL RISK MANAGEMENT (Continued)

Liquidity Risk (Continued)
The Board are informed of any changes in Group funding policy or practices that would materially affect the Company and its ability to continuously fund its business requirements.

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A Director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company

As part of their induction, a Director is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that in a large organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the Company. Furthermore, it is important that they understand both the short and long-term consequences of these decisions.

The following paragraphs summarise how the Directors fulfil their duties:

1. Risk management
For details of the Company's principal risks and uncertainties, please refer to the Financial Risk Management section.

The Company has a robust internal control framework with clear roles and responsibilities for escalation and remediation of risks. The framework consists of governance, risk assessment, issue management, and reporting and monitoring by which the Company identifies, assesses, measures, monitors and controls risks facing the business. The Company has the "three lines of defense" approach to risk management, with independent testing by the Group's internal audit function to ensure the first line of defense is operating effectively.

During the year, this framework was utilised in the context of the decision to make AEGSL the primary legal entity for any new real estate leases that are taken out in the UK. The Board was briefed on the proposal and, after due consideration of the risks involved, agreed with the approach proposed, with the first lease being transferred into AEGSL in May 2019.

Strategic Report for the year ended 31 December 2019 (Continued)

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006 (Continued)

2. Our People

The Company is committed to be a responsible business. The Board's behavior on behalf of the Company is aligned with the expectations of our people, customers, investors, communities and society as a whole. People are at the heart of what the Company does. For the Company's business to succeed, the Directors are ultimately responsible for managing employee performance and development, bringing through talent whilst ensuring that the Company operates as efficiently as possible. The Board must also ensure that all Company employees share common values that inform and guide their behaviour, so they achieve their goals in the right way.

For further details on our people, please refer to the Employee Engagement Statement in the Directors' Report.

3. Business relationships

The Company's strategy, implemented by the Directors, is focused on the key services it provides, whilst ensuring it continues to be appropriately remunerated by other Group entities.

The Company's employees are key to delivering a best in class service, so the Directors are focused on delivering a great employee experience, growing the best talent and creating an environment where well-being is a focus for all. For further details on our people, please refer to the Employee Engagement section of the Directors' Report.

The Company has no external customers, with all services being provided to other companies within the American Express Group. For certain services, the Company is remunerated based on the performance of the GNS business, with the Directors receiving an update on the performance of that business at every Board meeting.

As detailed in the Stakeholder Engagement Statement in the Directors' Report, there have been no principal decisions to be made by the Board that would impact business relationships during the year ended 31 December 2019. Were any issues to arise, these would have been escalated to the Board and decisions would be taken in the best interests of the Company's key stakeholders, with due consideration to the risks involved.

4. Community and environment

The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. The Board, on behalf of the Company, wants to leverage the expertise of its people and enable employees to support local communities.

The Directors do this in three ways: providing leadership training that empowers local social-sector leaders to create sustainable change; helping citizen volunteers to improve their communities; and preserving diverse, vibrant historic places. By providing critical services that contribute to economic stability and mobility, the non-profit sector plays a vital role in building a healthy society. Through our philanthropic and civic participation, the Company serves and empowers the people and organisations that are confronting some of society's most complex issues.

The Company, along with Group's approach to environmental stewardship within its operations includes a focus across various themes, such as energy and emissions management, waste management, third-party green building certifications, and responsible sourcing. American Express prioritises the management and improvement of its own footprint, including the environmental impacts of our offices and operations. It is also powering its network and data centres more efficiently and with the use of renewable resources, as well as exploring more sustainable payment solutions, including utilising reclaimed ocean-bound plastic to make its cards. Finally, the Company strives to work with diverse suppliers and source environmentally and socially responsible products and services from approved third-party vendors.

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006 (Continued)

4. Community and environment (Continued)

Although there were no significant events during the year in relation the community or the environment that warranted escalation to the Board or specific consideration by the Company rather than the Group, if such an event were to arise it would be escalated to the Board through the Company's existing risk management and governance framework.

5. Shareholders

The Company is a wholly owned subsidiary within the American Express Group, who's ultimate parent is listed on the New York Stock Exchange. The Board of American Express Company is committed to openly engaging with its shareholders, as it recognises the importance of a continuing effective dialogue, whether with major institutional investors, private or employee shareholders. It is important to American Express that shareholders understand our strategy and objectives, so these must be explained clearly, feedback received, and any issues or questions raised and properly considered. The Board of AEGSL ensures that it applies consistent shareholder priorities. To this end, the Board regularly reviews its business strategy to ensure the steps being taken in this regard align with shareholder priorities and that said strategies maximise shareholder return.

OUTLOOK, RISKS AND UNCERTAINTIES

In line with Group strategy, the Company is focused on maintaining growth in an uncertain economic, political and growth environment whilst managing costs and upholding service quality.

Having a lean and flexible operating structure is a critical element in the Company's strategy. To help in that regard, the Company periodically undertakes restructuring initiatives to further reduce its operating costs by reorganising certain operations. The goal is to make the Company more flexible, more efficient and more effective in using resources to help drive growth across the Group.

With the outbreak of COVID-19 and its evolvement across the globe in first half of 2020, management has considered the potential financial effects of the COVID-19 pandemic when preparing the Company's financial statements for the year ended 31 December 2019. As of 23 June 2020, there is no indication of any adjusting events impacting the financial position of the Company at the reporting date, therefore management has determined this to be a non-adjusting post balance sheet event. Whilst the wider American Express Group faces new risks from COVID-19, the impact on the Company is not expected to be significant, given all of the Company's expenses are charged onto other Group entities, and revenue from the GNS profit allocation can never fall below actual costs incurred.

Management has also considered the recoverability of balances owed by other Group entities. The balance sheet, capital and liquidity profile of American Express Company remains very strong, with access to broad and well diversified funding sources, providing significant flexibility to maintain the strength of the balance sheet in periods of uncertainty or stress. The Group is closely monitoring the rapidly changing macroeconomic environment and is actively managing its balance sheet to reflect evolving circumstances, suspending share repurchases to support its objective of remaining financially strong against a backdrop of a highly uncertain operating environment and outlook. While the expansion of the COVID-19 pandemic has led to significant volatility in funding markets, the Group believes that it has sufficient liquidity sources to meet all internal and regulatory liquidity requirements. Accordingly, the recoverability of amounts due from affiliates and the ongoing support from the Group is not considered to be significantly at risk.

Whilst the financial, trade and legal implications of Brexit remain unclear, the impacts on the Company are expected to be minimal, due to the nature of services provided for which there continues to be a strong demand.

Strategic Report for the year ended 31 December 2019 (Continued)

OUTLOOK, RISKS AND UNCERTAINTIES (Continued)

The Company expects to continue to provide services to other companies within the American Express Group for the foreseeable future.

After making enquiries, the directors consider the Company to be strong and well supported by the American Express Group and therefore have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

The strategic report was approved by the Board of Directors on 23 June 2020 and signed on its behalf by:

DocuSigned by: Catherine Malec 37A004F3BB1245F...	DocuSigned by: Jonathan Hipkin 4ADE03F94D7F468...
C Malec Chair	J Hipkin Director

23 June 2020

Independent auditors' report to the members of American Express Group Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, American Express Group Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and financial statements for the year ended 31 December 2019 (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the income statement, the statement of comprehensive income, and the statement of changes in equity for the year then ended; and notes to the financial statements; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of American Express Group Services Limited continues

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of financial statements set out on page 4 the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Independent auditors' report to the members of American Express Group Services Limited continues

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Daniel Pearce

Daniel Pearce (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 June 2020

INCOME STATEMENT
For the year ended 31 December 2019

	Note	2019 £000	2018 £000
TURNOVER	3	**82,656**	108,484
Administrative expenses		**(54,256)**	(46,452)
OPERATING PROFIT		**28,400**	62,032
Interest receivable and similar income	6	**2,754**	2,295
PROFIT BEFORE TAXATION	7	**31,154**	64,327
Tax on profit	8	**(5,858)**	(12,334)
PROFIT FOR THE FINANCIAL YEAR		**25,296**	51,993

Turnover and operating profit all derive from continuing activities for the years ended 31 December 2019 and 31 December 2018.

The Notes on pages 19 to 42 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	2019	2018
	£000	£000
Profit for the financial year	**25,296**	51,993
Total comprehensive income for the year	**25,296**	51,993

The Notes on pages 19 to 42 form an integral part of the financial statements.

American Express Group Services Limited

BALANCE SHEET
As at 31 December 2019
Registered number: 06613927

	Note	2019 £000	2018 £000
NON-CURRENT ASSETS			
Tangible assets	9	**3,490**	28
Deferred tax assets	8	**2,273**	1,879
		5,763	1,907
CURRENT ASSETS			
Debtors	10	**223,171**	199,002
Cash at bank and in hand	11	**606**	523
		223,777	199,525
CREDITORS: Amounts falling due within one year	12	**(17,108)**	(14,696)
NET CURRENT ASSETS		**206,669**	184,829
TOTAL ASSETS LESS CURRENT LIABILITIES		**212,432**	186,736
CREDITORS: Amounts falling due after more than one year	13	**(858)**	-
PROVISIONS FOR LIABILITIES	15	**(546)**	(1,909)
NET ASSETS		**211,028**	184,827
CAPITAL AND RESERVES			
Called up share capital	16	**-**	-
Share-based payment reserve		**11,503**	10,598
Retained earnings		**199,525**	174,229
TOTAL SHAREHOLDERS' FUNDS		**211,028**	184,827

The Notes on pages 19 to 42 form an integral part of the financial statements.

The financial statements on pages 15 to 42 were approved by the Board of Directors on 23 June 2020 and signed on its behalf by:

DocuSigned by:
Catherine Malec
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C Malec
Chair
23 June 2020

DocuSigned by:
Jonathan Hipkin
4ADE03F94D7F468...

J Hipkin
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019
Registered number: 06613927

	Called up share capital	Share-based payment reserve	Retained earnings	Total Shareholders' Funds
	£000	£000	£000	£000
At 1 January 2019	-	10,598	174,229	184,827
Profit for the financial year	-	-	25,296	25,296
Total comprehensive income for the year	-	-	25,296	25,296
Share based payment charge	-	4,888	-	4,888
Recharge paid to parent for share based payments	-	(4,546)	-	(4,546)
Current & deferred tax movements in equity	-	563	-	563
At 31 December 2019	-	11,503	199,525	211,028

	Called up share capital	Share-based payment reserve	Retained earnings	Total Shareholders' Funds
	£000	£000	£000	£000
At 1 January 2018	-	10,392	122,236	132,628
Profit for the financial year	-	-	51,993	51,993
Total comprehensive income for the year	-	-	51,993	51,993
Share based payment charge	-	2,707	-	2,707
Recharge paid to parent for share based payments	-	(2,666)	-	(2,666)
Current & deferred tax movements in equity	-	165	-	165
At 31 December 2018	-	10,598	174,229	184,827

The Notes on pages 19 to 42 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of American Express Group Services Limited (the "Company" or "AEGSL") for the year ended 31 December 2019 were authorised for issue by the board of directors on 23 June 2020 and the balance sheet was signed on the Board's behalf by C Malec and J Hipkin.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company is a private limited company registered in England and Wales, domiciled in the United Kingdom and is part of the American Express Group of companies.

The Company's immediate parent is American Express International Inc., incorporated in the United States of America, which is the parent undertaking of the smallest group in which the Company's results are consolidated. The ultimate parent and controlling entity is American Express Company, incorporated in the United States of America, which is the parent undertaking of the largest group in which the Company's results are consolidated. Copies of the American Express International Inc. and American Express Company financial statements can be obtained from American Express Company, American Express Tower, World Financial Center, New York, NY 10285, USA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been consistently applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements are prepared in accordance with FRS101 Reduced Disclosure Framework (FRS101) and the Companies Act 2006. The financial statements are prepared on a going concern basis under the historical cost convention, except in accordance with relevant accounting policies where assets and liabilities are stated at their fair values. The financial statements are presented in pounds sterling (£) with values rounded to the nearest thousand (£000) unless otherwise stated.

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.17.

The Company has taken advantage of the following disclosure exemptions allowed under FRS101:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- 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;
- The requirements of IFRS 13 'Fair Value Measurement' paragraphs 91-99, provided that equivalent disclosures are included in the financial statements of the group in which the entity is consolidated; the requirements of IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of:

2.1 Basis of Preparation (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated
- the requirements of paragraph 52 of IFRS 16 Leases
- 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;
- the requirements of IFRS 13 'Fair Value Measurement' paragraphs 91-99, provided that equivalent disclosures are included in the financial statements of the group in which the entity is consolidated;
- the requirements of IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- the requirements of the following paragraphs of IAS 1 'Presentation of Financial Statements':
  - 10(d) *statement of cash flows;*
  - 10(f) *balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements;*
  - 16 *statement of compliance with all IFRS;*
  - 38(a) *requirement for minimum of two primary statements, including cash flow statements;*
  - 38(b)-(d) *additional comparative information*;
  - 111 *cash flow statement information; and*
  - 134-136 capital management disclosures
- the requirements of IAS 7 'Statement of Cash Flows' to prepare a statement of cash flows;
- the requirements of IAS 8 'Accounting Policies Changes in Accounting Estimates and Errors' paragraphs 30 and 31, concerning new IFRS that have been issued but are not yet effective;
- 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';
- the requirements of IAS 24 'Related Party Disclosures' paragraphs 17 and 18 to disclose the compensation of key management personnel; and
- the requirements of 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.

(a) Standards and Interpretations effective in 2019

The entity has adopted the following standards and amendments to standards with an initial date of application of 1 January 2019:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

IFRS 16 Leases

The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately in Note 2.16 Leases. Upon adoption, the Company recognised right-of-use assets and lease liabilities on its Balance Sheet for all leases with terms greater than 12 months, which were previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments as of 1 January 2019, discounted using the Company's incremental borrowing rate of 1.37%. Right-of-use assets were measured at an amount equal to the lease liabilities adjusted by deferred rent. The Company recorded £3.5m in right-of-use assets in Tangible Assets (see Note 9) and £3.9m in Lease Liabilities (see Note 14) as of 31 December 2019 in its Balance Sheet.

Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease and the Company used the following additional permitted practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- Applied a single discount rate to portfolio of real estate leases.

The adoption of the standard did not have any impact on Retained Earnings at 1 January 2019 or the Income Statement. Additional lease disclosures have been included in Note 2.16 Leases and Note 14 Lease Liabilities.

IFRIC 23 Uncertainty over Income Tax Treatment

Effective for annual periods beginning on or after 1 January 2019 with earlier application permitted.

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatment. This amendment did not have any impact on the Company's financial statements upon adoption.

(b) Standards and amendments early adopted by the Company

No new or amended standards and interpretations were adopted early by the Company.

2.2 Foreign currency translation

a) Functional and presentational currency

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

b) Transactions and balances

Transactions of the Company denominated in foreign currencies are translated into pounds sterling at the rates applicable on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into sterling using the exchange rates prevailing at the end of the year; non-monetary assets and liabilities are translated at the historic exchange rate at the date of the transaction. The resulting exchange gains and losses are borne by a related Group entity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Tangible assets

Cost

Tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses which are recognised within Administrative Expenses. Costs include expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis to write off the net cost of each item of property or plant and equipment to its residual value over their expected useful life to the Company. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

The estimated useful lives of each class of assets are:

Computer equipment	- over 3 to 8 years
Right of use assets	- over 1 to 2 years

In the event of an impairment trigger event being enacted, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.4).

Gains and losses on disposals are determined by comparing net proceeds with carrying amount and are included in the Income Statement.

Repairs and maintenance, where the capitalisation criteria outlined above are not met, are charged to the income statement during the period in which they are incurred.

2.4 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 or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (i.e. the higher of an asset's fair value less costs to sell and its value-in-use). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Impairment of non-financial assets (Continued)

Such reversal is recognised in the Income Statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value on a systematic basis over its remaining useful life.

2.5 Financial assets

The Company classifies all its financial assets as financial assets at amortised cost. The classification is determined on the basis of both: 1) the Company's business model for managing the financial assets and 2) the contractual cash flow characteristics of the financial asset. For an asset to be measured at amortised cost, the contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI). For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. Interest is the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

Management determines the classification of financial assets and liabilities at initial recognition and re-evaluates this designation at every reporting date. The designation of financial assets at fair value through profit or loss is generally irrevocable.

(a) Financial assets at amortised cost

Financial assets at amortised cost are financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Financial assets at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the effect of applying the effective interest rate would be immaterial. Financial assets at amortised cost as disclosed in the balance sheet include the following categories:

Debtors

(i) Loans to group undertakings

Loans to affiliates represents unsecured loans extended by the Company to other Group companies. Interest is applied daily and cash settled monthly on any outstanding loan balance until the principal is repaid. Interest is computed on the basis of actual days elapsed and a year of 365 days.

(ii) Amounts owed by group undertakings

Amounts owed by group undertakings represent amounts recoverable for services within the American Express Group.

(iii) Other debtors

Other debtors relate to other receivables due to the Company in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Impairment of financial assets

The Company assesses financial assets for credit losses at each balance sheet date, and measures loss allowance for expected credit losses. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company will measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. The Company will measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

(a) Loans and amounts due from group undertakings

Loans and amounts due from group undertakings represent amounts due from other Group companies and as such are not subject to any material impairment losses given the nature of the lending and the strong credit position of the Group.

(b) Other debtors

Given the short-term nature of other debtors the loss allowance is determined by the lifetime expected credit losses. Forward looking information that indicates the debtor will experience financial difficulties, enter bankruptcy or financial reorganisation, default or become delinquent is incorporated in the determination of the loss allowance.

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

2.8 Cash at bank and in hand

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 90 days or less. Bank overdrafts are shown as bank loans and overdrafts within creditors falling due within one year on the balance sheet.

All cash and bank balances and money market instruments are carried at the principal amount. Interest is recognised using the effective interest method.

2.9 Financial liabilities

The Company only holds financial liabilities classified as other financial liabilities which are measured at amortised cost. Management determines the classification of financial liabilities at initial recognition and re-evaluates this designation at every reporting date.

Financial liabilities are initially measured at fair value, net of transaction costs. Subsequent measurement is at amortised cost using the effective interest method, with interest expense recognised in the income statement on an effective yield basis. Other financial liabilities are classified as trade creditors, other creditors and accruals in the Balance Sheet.

2.10 Current and deferred tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Current and deferred tax (Continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.
Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax charges and credits are recognised in the income statement, except to the extent that they relate 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.

2.11 Employee benefits

(a) Wages and salaries, annual leave and sick leave, bonuses and long service leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in accruals in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Termination benefits

Termination benefits are payable when employment is terminated as a result of restructuring or whenever an employee accepts voluntary redundancy in exchange for termination benefits.

The Company recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. Benefits falling due more than 12 months after balance sheet dates are discounted to present value.

(c) Pension obligations

American Express Company provides pension arrangements for employees through defined benefit plans and defined contribution schemes in the UK.

The participating employers of the UK plan share associated risks of the plan under common control, with no stated policy of sharing net defined benefit cost or for determining the contributions to be paid by each sponsoring employer. None of the participating legal entities have been assessed as sponsoring employers of these plans. As a result, the American Express UK legal entities account for

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Employee benefits (Continued)

the plans as if they were a defined contribution arrangement, with additional disclosure notes compliant with IAS 19. Contributions are charged to the income statement in the period in which they are paid. Payments to the Company's defined contribution stakeholder pension schemes are recognised as an expense as they fall due.

(d) Share based compensation plans

The Company engages in equity-settled share-based awards in respect of services received from certain employees. For equity-settled awards, the fair value of services received is measured by reference to the fair value of the stock awards or share options granted on the date of grant. The cost of employee services received in respect of the stock awards or share options granted is recognised in the Income Statement over the vesting period. The vesting period is the shorter of the vesting schedule as defined in each award agreement or the date an individual will become eligible to retire. Retirement eligibility is dependent upon age and/or years of service.

The fair value of options granted is determined using the Black-Scholes-Merton option-pricing model. Restricted Stock awards that do not include the Relative Total Shareholder Return (R-TSR) modifier are determined using the stock price on the date of grant and the performance-based Restricted Stock Awards that include the R-TSR modifier are determined using a Monte Carlo valuation model. The R-TSR modifier is a specific performance condition that defines total shareholder return as the stock price appreciation over the performance period in comparison to American Express' peers and is a determining factor in the final shares issued to an employee.

As options and awards on American Express Company shares are granted by the ultimate parent company to the employees of the Company, those awards are accounted for in equity. The Company has an obligation to repay the ultimate parent company for the share-based payments, and that repayment is offset against equity to the extent that it has been paid or is payable to the ultimate parent company.

Portfolio Grants are primarily cash-settled but are treated as equity-settled at the Company level, because the Company does not have an obligation to settle the award. An expense is recognised in the Company's income statement over the vesting period; and a credit is recognised in equity. These awards earn value based on the parent company's financial performance, market and service conditions, and vest over periods from one to three years.

2.12 Provisions and contingent liabilities

Provisions are recognised where the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that a transfer of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised on future operating losses. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provisions are measured at the present value of the expected required expenditures to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent liabilities are disclosed where there is a present obligation that arises from past events but are not recognised because the amount of the obligation cannot be measured reliably, or where there is a possible obligation arising from past events whose existence will be confirmed only by the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Provisions and contingent liabilities (Continued)

occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Revenue recognition

Revenue comprises income arising in the course of the Company's ordinary activities, net of value added and other taxes, rebates and discounts. The Company recognises revenue at an amount that reflects the consideration to which it expects to be entitled in exchange for transferring services to a customer.

Turnover comprises income from services provided to other American Express Group companies. The Company charges the related entity on an arm's length basis, with revenue being recognised in the period in which the service is provided. The Company determines these revenues using either traditional transaction methods or transactional profit methods.

2.15 Interest receivable and interest payable

Interest income and expense are recognised in the Income Statement using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Interest expense includes interest incurred primarily to fund general purposes and liquidity needs and is recognised as incurred.

2.16 Leases

The Company primarily maintains operating leases for its office real estate facilities, under cancellable lease agreements.

Policy applicable before 1 January 2019 (IAS 17)

In the comparative periods, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land and land use rights, are charged to the income statement on a straight-line basis over the period of the lease.

Policy applicable from 1 January 2019 (IFRS 16)

Effective January 1, 2019 the Company recognises right-of-use assets and lease liabilities for operating leases with terms greater than twelve months. Renewal options, which range from 12 to 18 months, are generally recognised as part of the right-of-use assets and lease liabilities. The Company's policy is not to separate lease and non-lease components when measuring the real estate right-of-use assets and lease liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Leases (Continued)

Lease liabilities are recognised at lease commencement date and measured at the present value of the remaining contractual fixed lease payments, discounted using the Company's incremental borrowing rate. Right-of-use assets are recognised and measured at the respective lease liabilities, adjusted by prepaid lease payments, initial direct costs, and offset by lease incentives received. Right-of-use assets are depreciated over the shorter of the useful life and the lease term. Variable lease payments are excluded from the right-of-use assets and lease liabilities and are recognised in the period in which the obligation for those payments is incurred.

The Company presents right-of-use assets in Tangible Assets and Lease Liabilities in Creditors in the Balance Sheet.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases for real estate leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.17 Critical accounting estimates and assumptions

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies.

(a) Critical accounting estimates

There are a number of estimates made in the preparation of the financial statements. However, these are not considered critical accounting estimates based on the IAS 1 definition.

(b) Critical judgments in applying accounting policies

The preparation of the financial statements involves a number of judgments. The items with a higher degree of judgment or complexity are:

Defined benefit pension scheme
Certain employees participate in defined benefit pension schemes with several participating employers sharing the risks between entities under common control. The plans do not have a stated policy for sharing net defined benefit cost or for determining the contributions to be paid by each participating legal entity for these schemes. None of the participating legal entities have been assessed as being sponsoring employers of the plans. In the judgment of the directors, the Company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore, the scheme is accounted for a defined contribution scheme (see Note 18 for further details).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2019

3. TURNOVER

Turnover solely comprises income from services provided to other American Express Group companies of £82.7m (2018: £108.5m).

4. STAFF COSTS

	2019	2018
	£000	£000
Wages and salaries	**28,483**	26,087
Other employee benefits	**515**	713
Social security costs	**6,225**	4,400
Other pension costs	**2,965**	2,873
	38,188	34,073

Included within wages and salaries is an amount of £1.1m (2018: £2.9m) related to restructuring expense.

The monthly average number of staff employed by the Company during the year was as follows:

	2019	2018
	No.	No.
Global Network Services	**95**	83
Network Solutions & Operations	**91**	105
Other business functions	**9**	10
Other support groups	**26**	28
	221	226

Equity-settled share-based payments

Equity-settled share-based payments under the 2016 Compensation Plan and previously under the 2007 Incentive Compensation Plan (the "Plans") offered by the ultimate parent holding company, American Express Company, may be granted to officers and other key individuals who perform services for the Company. These awards may be in the form of Stock Options Restricted Stock Awards ("RSAs"), Portfolio Grants ("PGs") and other similar awards.

Details of the stock plans are set out below:

(a) Stock Options

Each stock option has an exercise price equal to the market price of American Express Company's common stock on the date of grant and a contractual term of 10 years from the date of grant. Stock options generally vest 100 percent on the third anniversary of the grant date.

Stock options outstanding at 31 December 2019 were 64,520 at a weighted average price of USD 96.04 (2018: 51,572 at a weighted average price of USD 81.03). 20,000 stock options were exercised during 2019 at a weighted average price of USD 65.43 (2018: 89,000 at a weighted average price of USD 46.34).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2019

4. STAFF COSTS (Continued)

(b) Restricted Stock Awards ("RSA")

An RSA grant is a grant of American Express Company's common stock, which contains either (a) service conditions or (b) both service and performance conditions. Once vested, the employees receive common shares of American Express Company.

RSAs containing only service conditions generally vest 25 percent per year beginning with the first anniversary of the grant date. RSAs containing both service and performance conditions generally vest on the third anniversary of the grant date, and the number of shares depends on the achievement of predetermined metrics.

Effective in 2019, we added a Relative Total Shareholder Return (R-TSR) modifier to the performance-based RSAs, under which the number of shares ultimately granted is also impacted by American Express Company's actual shareholder return relative to a competitive peer group.

The fair value of RSAs that do not include the R-TSR modifier is determined using American Express Company's stock price on the date of grant and the performance-based RSAs that include the R-TSR modifier is determined using a Monte Carlo valuation model. All RSA holders receive non-forfeitable dividends or dividend equivalents. As of 31 December 2019, the total outstanding RSAs are expected to vest over a weighted average period of 1.44 years (2018: 1.43 years).

As at 31 December 2019, out of 131,907 (2018: 118,556) RSAs outstanding, 1,735 (2018: 10,358) were exercisable. During 2019, 42,557 (2018: 37,801) RSAs were exercised with a weighted average grant price of USD 61.08 each (2018: USD 78.71 each).

(c) Portfolio Grants and Other Incentive Awards

Portfolio Grants are long-term cash incentives designed to earn value based on overall business and Group performance metrics. American Express Company awards certain employees portfolio grants and other incentive awards that are generally settled by cash. These awards earn value based on American Express Company's financial performance, market and service conditions, and vest over periods from one to three years. The Company issued no Portfolio Grants in 2019 (2018: 1,610,000) and recorded an expense of £714,233 (2018: £518,257). The grants outstanding at the year-end were 2,005,000 (2018: 2,685,000). The face value of a grant is equal to 1 USD.

Stock Compensation Expense

The components of the Company's pre-tax stock-based compensation expense (net of cancellations) for the year ended 31 December are as follows:

	2019	2018
	£000	£000
Stock options	**378**	123
Restricted stock awards	**3,796**	2,066
Portfolio grant expense	**714**	518
	4,888	2,707

The Company is required to reimburse American Express Company over the vesting period for stock awards issued to the Company's employees.

American Express Group Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2019

5. DIRECTORS' REMUNERATION

	2019 £000	2018 £000
Emoluments	323	293
Amounts receivable under long term incentive schemes	60	41
Pension costs	5	14
	388	348

The number of Directors to whom retirement benefits were accruing in respect of qualifying services during the year ended 31 December 2019 were as follows:

	2019 Number	2018 Number
Money purchase schemes	3	3

During the year, four (2018: four) Directors exercised share options in American Express Company, the ultimate parent company, and/or received common stock in American Express Company as a result of Restricted Stock Awards ("RSAs") vesting in the year.

The following remuneration was earned by the highest paid Director:

	2019 £000	2018 £000
Emoluments including amounts receivable under long term incentive	186	263
Pension Costs	4	14
	190	277

In addition, the highest paid Director also exercised share options in American Express Company, the ultimate parent company, and/or received common stock in American Express Company as a result of RSAs vesting in the year.

One Director who served during the year is employed by and receives their remuneration from another American Express Group company; services provided by employees of one American Express Group company to another fall under the enterprise-wide Transfer Pricing Policy and are recharged appropriately.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £000	2018 £000
Group undertakings	**2,753**	2,294
Other interest receivable	**1**	1
	2,754	2,295

7. PROFIT BEFORE TAXATION

	2019 £000	2018 £000
Profit before taxation is stated after charging:		
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**55**	47
Depreciation of tangible assets	**1,017**	69
Operating lease rentals	**33**	35
Loss on disposal of tangible assets	**6**	2

8. TAX ON PROFIT

The main rate of UK corporation tax is 19%. The differences between the taxation reflected in the financial statements and the amounts calculated at the statutory rate of 19% (2018: 19%) are as follows:

	2019 £000	2018 £000
Profit before taxation	**31,154**	64,327
Tax on profit at effective rate of 19% (2018: 19%)	**5,919**	12,222
<u>Adjusted for the effects of:</u>		
Non-deductible expenses	**53**	42
Reduction in closing deferred taxes resulting from reduced enacted tax rate	**9**	74
Adjustments in respect of the prior period	**(162)**	37
Temporary differences not previously recognised	**39**	(41)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2019

8. TAX ON PROFIT (Continued)

Total tax on profit	**5,858**	12,334

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2019

8. TAX ON PROFIT (Continued)

	2019	2018
	£000	£000
Current income tax		
Current income tax	6,095	12,177
Adjustments in respect of current income tax of prior years	59	40
Total current tax	6,154	12,217
Deferred tax		
Origination and reversal of temporary differences	(84)	46
Prior year adjustments	(221)	(3)
Impact of change in tax rate	9	74
Total deferred tax	(296)	117
Income tax expense	5,858	12,334

Taxation on items not (credited) / charged to the income statement	2019	2018
	£000	£000
Current tax credit		
Tax deduction on share options / awards in excess of expense recognised	(367)	(678)
Prior year adjustments	(99)	50
Deferred tax charge/ (credit):		
Tax deduction on share options / awards in excess of expense recognised	(109)	470
Impact of change in tax rate	12	(7)
	(563)	(165)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2019

8. TAX ON PROFIT (Continued)

Factors affecting the tax charge for the year:

The Company's profits for this accounting year are taxed at a rate of 19%.

The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profit for this accounting period are taxed at an effective rate of 19%.

On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020. The deferred tax balances included within the accounts have been calculated with reference to the rate of 17%, as required under International Financial Reporting Standards. The impact on the balance sheet of the tax rate remaining at 19% would be £0.3m.

Deferred tax
The following are the major deferred tax assets recognised by the Company and movements thereon:

	Share Based Payments £000	Fixed Assets £000	Others £000	Total £000
At 1 January 2019	1,009	842	28	**1,879**
Deferred tax (charge)/credit to Income Statement for the period	345	(109)	(151)	**85**
Prior period adjustment to Income Statement	-	-	221	**221**
Tax rate change to Income Statement	(36)	12	15	**(9)**
Tax rate change to Equity	(12)		-	**(12)**
Deferred tax credit to Equity	109		-	**109**
At 31 December 2019	**1,415**	**745**	**113**	**2,273**

	Share Based Payments £000	Fixed Assets £000	Others £000	Total £000
At 1 January 2018	1,435	978	46	**2,459**
Deferred tax (charge)/credit to Income Statement for the period	83	(115)	(14)	**(46)**
Prior period adjustment to Income Statement	-	3	-	**3**
Tax rate change to Income Statement	(46)	(24)	(4)	**(74)**
Tax rate change to Equity	7	-	-	**7**
Deferred tax credit to Equity	(470)	-	-	**(470)**
At 31 December 2018	**1,009**	**842**	**28**	**1,879**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2019

9. TANGIBLE ASSETS

	Computer equipment	Right of use assets	Total
	£000	£000	£000
Cost:			
At 1 January 2019	228	-	228
Transfers to other Group companies	(6)	-	(6)
Additions	-	4,486	4,486
Disposals	(176)	-	(176)
At 31 December 2019	**46**	**4,486**	**4,532**
Accumulated depreciation:			
At 1 January 2019	200	-	200
Transfers to other Group companies	(6)	-	(6)
Provided during the year	20	997	1,017
Disposals	(169)	-	(169)
At 31 December 2019	**45**	**997**	**1,042**
Net book value			
At 31 December 2019	**1**	**3,489**	**3,490**
At 31 December 2018	28	-	28

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2019

10. DEBTORS

Debtors, all of which are due within one year of the balance sheet date, comprise:

	2019 £000	2018 £000
Loans to group undertakings	**209,885**	175,145
Amounts owed by group undertakings	**11,712**	21,933
Other debtors	**676**	247
Prepayments	**898**	1,677
	223,171	199,002

Amounts owed by group undertakings are unsecured and repayable on demand.

Loans to group undertakings represents unsecured loans extended by the Company to affiliates, which are repayable on demand. Interest is applied daily and cash settled monthly on any outstanding loan balance until the principal is repaid. Interest is computed on the basis of actual days elapsed and a year of 365 days.

11. CASH AT BANK AND IN HAND

	2019 £000	2018 £000
Cash at bank and in hand	**606**	523

Certain American Express Group companies in the UK, including the Company, participate in a group banking arrangement with a third party bank ("the Bank"). Under the terms of this arrangement, the Company's cash deposits with the Bank are available to be offset against outstanding overdraft balances of other participating American Express Group companies. The Company's exposure to this arrangement is limited to the non-safeguarded funds held with the Bank which, as at 31 December 2019, amounted to £605,726 (2018: £533,585). Note that these values are different to the cash balance reflected in the Balance Sheet due to the reconciling items outstanding at year end.

12. CREDITORS: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	1,201	215
Other taxation and social security	1,074	857
Corporation Tax	3,813	6,009
Lease liabilities (Note 14)	3,067	-
Other creditors	575	541
Accruals	7,378	7,074
	17,108	14,696

The current portion of trade and other creditors are carried at cost which approximates fair value due to the short-term nature thereof.

Included within Creditors are £9.2m (2018: £7.8m) classified as financial liabilities, the maturity of which is no greater than 60 days.

13. CREDITORS: amounts falling due after more than one year

	2019 £000	2018 £000
Lease liabilities (Note 14)	858	-
	858	-

14. LEASE LIABILITIES

Lease liabilities included in Creditors as at 31 December are as follows:

	2019 £000	2018 £000
Current	3,067	-
Non-current	858	-
Total	**3,925**	-

The total cash outflow for leases in 2019 was £582,420 (2018: nil).

14. LEASE LIABILITIES (Continued)

The following sets out a maturity analysis of the Company's lease liabilities with the present value, as of 31 December 2019:

	2019	2018
	£000	£000
No later than 1 year	3,098	-
Later than 1 year and no later than 5 years	859	-
Later than 5 years	-	-
Total	**3,957**	-
Future finance charges	(32)	-
Lease Liabilities	**3,925**	-

15. PROVISIONS FOR LIABILITIES

	Restructuring
	£000
Cost:	
At 1 January 2019	1,909
Increase in provision	1,105
Utilised during the year	(2,468)
At 31 December 2019	**546**

Restructuring
From time to time, the Company initiates restructuring programs to become more efficient and effective, and to support new business strategies. In connection with these programs, the Company typically will incur severance and other exit costs. During 2019 the Company recorded £1.1m (2018: £2.9m) of restructuring charges. Restructuring charges related to severance obligations are included in Administrative Expenses in the Company's Income Statement.

American Express Group Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2019

16. CALLED UP SHARE CAPITAL

	2019 Number	2018 Number	2019 £	2018 £
Authorised				
Ordinary shares of £1 each	**100,000**	100,000	**100,000**	100,000
	100,000	100,000	**100,000**	100,000
Issued, called up and fully paid				
Ordinary shares of £1 each	**1**	1	**1**	1
	1	1	**1**	1

17. DIVIDENDS PAID

The Directors do not propose the payment of a dividend (2018: £nil).

18. PENSIONS
(Continued)

American Express provides retirement benefits through a variety of arrangements comprising defined benefit and defined contribution plans; the most material of which is the American Express UK Pension Plan ('the UK Plan').

The UK Plan and the related costs are assessed in accordance with the advice of qualified independent actuaries. The plan identified has several participating employers sharing the risks between entities under common control. The UK Plan does not have a stated policy for sharing net defined benefit cost or for determining the contributions to be paid by each participating legal entity for this scheme. None of the participating legal entities have been assessed as being sponsoring employers of this plan. As a result, American Express UK legal entities account for this plan as if they were defined contribution arrangements with additional disclosure notes compliant with the IAS19 (2011) requirements for these types of arrangements. The information of this plan as a whole is presented below.

The UK Plan is a defined benefit pension plan with a normal retirement age of 65. The UK Plan was offered to employees who joined the Company before 1 July 2006 and has a weighted average duration of 15 years. The UK Plan was closed to future accrual on 31 July 2013, although the link to future salary increases was retained up to the end of 2016. The benefit payable from the Plan varies depending on whether the member joined before 1996 or after. For those joining before 1996, there is a pension benefit payable from the Plan that increases in line with statutory requirements. For those joining after 1996, there is a lump sum benefit payable at retirement which the employees can use to purchase an annuity or transfer to an approved plan. All employees in the UK are now offered a defined contribution scheme.

The UK Plan operates under trust law and is governed by a Trustee board in accordance with the terms of the Trust Deed and Rules and relevant legislation. The Plan's assets are held by the Trust.

The contributions paid to the UK Plan are agreed with the Trustees on the basis of an annual valuation carried out by the Scheme Actuary. Principal factors that the Scheme Actuary will have regard to include the covenant offered by the Sponsor, the level of risk in the Plan, the Plan's investment strategy and the Plan's funding level. In compliance with the Pensions Act 2004, the Sponsor and the Trustee agreed a scheme-specific funding target, statement of funding principles, a schedule of contributions and a recovery plan accordingly.

18. PENSIONS (Continued)

The IAS19 liability is most sensitive to changes in discount rate, which depends on market yields on Sterling-denominated AA-rated corporate bonds. In addition to the interest rate risk, the value of liability also depends on the assumptions made about future inflation and life expectation and the risks associated with actual experience in these two areas differing over the long term from the assumptions adopted.

Key assumptions and valuation results

The key assumptions used to value the UK Plan's liabilities based on IAS19 requirements, together with the results obtained are set out below.

Assumptions	**Nominal % pa**	
	2019	2018
Discount rate	**1.85**	2.65
Rate of increase in salaries	**n/a**	n/a
Social Security increases	**n/a**	n/a
Rate of pension increase in payment*	**0.00 – 3.01**	0.00 – 3.01
Rate of increase in price inflation		
RPI**	**3.00**	3.25
CPI**	**2.25**	2.25
Mortality table	SAPS S3 Light morality table CMI 2018 model with trend of 1.50% per annum	SAPS Light morality table CMI 2017 model with trend of 1.50% per annum

* post 88 GMP = 1.90%; pre 1997 excess = 0%; April 1997 to April 2005 = 2.84%; post April 2005 = 1.90%
** RPI = Retail Price Inflation; CPI = Consumer Price Inflation

The table below shows the value of IAS19 liabilities and assets as at 31 December 2019.

IAS19 Defined Benefit Obligation and Market Value of Assets	**2019 (£m)**	2018 (£m)
Present value of Plan liabilities	**(1,233.0)***	(1,100.5)*
Market value of assets**	**1,126.6***	1,020.5*
(Deficit)	**(106.4)**	(80.0)
Sensitivity analysis - 2019 Defined Benefit Obligation		
Discount rate assumption being 1% higher	**1,079.4***	
Discount rate assumption being 1% lower	**1,410.2***	

* Includes £69.0m of Additional Voluntary Contributions (AVC's) (2018: £68.0m)
** There are no self-invested assets in the UK Plan
The UK Plan's major asset categories are shown in the table below:

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2019

18. PENSIONS (Continued)

Asset Allocation as at 31 December	2019 £m	2018 £m
Domestic equities	**21.0**	18.9
Foreign equities	**288.2**	235.4
Government bonds	**231.0**	231.9
Corporate bonds	**54.0**	44.4
Buy-in contract	**245.1**	235.7
Additional voluntary contributions	**69.1**	67.8
Cash and cash equivalents	**51.9**	30.0
Other	**166.3**	156.4
Total	**1,126.6**	1,020.5

There was a special event in 2017 for the UK plans involving a pensioner buy-in transaction to partially insure the UK pensioner liabilities. The value of the buy-in contract is £245.1m and has been included in allocation above. The remaining assets under the "Other" category represent amounts mainly invested in diversified funds. As a result of the 2018 UK court ruling requiring the equalisation of Guaranteed Minimum Pensions (GMP) in UK pension schemes, the 2019 UK Plan liabilities include an allowance for GMP equalisation.

All securities invested by the UK Plan have a quoted market price in an active market (with the exception of £269.0m mainly attributable to the pensioner buy-in contract).

The assets and liabilities shown above include defined contribution assets and liabilities (from AVCs) as at 31 December 2019. Please note that the other assets shown above include the Plan's net current assets of £51.9m as at 31 December 2019.

Contributions

The employer contributions to the UK Plan during the calendar year 2019 and expected for 2020 are summarised in the table below:

	2020 Expected Contributions (£m)	Actual 2019 Contributions (£m)*	Actual 2018 Contributions (£m)*
Contributions	20.4	20.4	20.6

* In addition during 2019, the employer contributed £32.9m (2018: £34.0m) (including salary sacrifice contributions) to the defined contribution Stakeholder Plan in the UK.

19. EVENTS AFTER THE BALANCE SHEET DATE

With the outbreak of COVID-19 and its evolvement across the globe in first half of 2020, management has considered the potential financial effects of the COVID-19 pandemic when preparing the Company's financial statements for the year ended 31 December 2019. As of 23 June 2020, there is no indication of any adjusting events impacting the financial position of the Company at the reporting date, therefore management has determined this to be a non-adjusting post balance sheet event. Whilst the wider Group faces new risks from COVID-19, the impact on the Company is not expected to be significant, given all of the Company's expenses are charged onto other Group entities, and revenue from the GNS profit allocation can never fall below actual costs incurred.

Management has also considered the recoverability of balances owed by other Group entities. The balance sheet, capital and liquidity profile of American Express Company remains very strong, with access to broad and well diversified funding sources, providing significant flexibility to maintain the strength of the balance sheet in periods of uncertainty or stress. The Group is closely monitoring the rapidly changing macroeconomic environment and is actively managing its balance sheet to reflect evolving circumstances, suspending share repurchases to support its objective of remaining financially strong against a backdrop of a highly uncertain operating environment and outlook. While the expansion of the COVID-19 pandemic has led to significant volatility in funding markets, the Group believes that it has sufficient liquidity sources to meet all internal and regulatory liquidity requirements. Accordingly, the recoverability of amounts due from affiliates and the ongoing support from the Group is not considered to be significantly at risk.

On 1 February 2020, the Company fully acquired the businesses of InAuth UK Limited and Accertify Inc. UK branch, both related Group entities, comprising 33 employees and associated liabilities of £0.5m. The consideration paid by the Company was £5.0m.

20. RELATED PARTY TRANSACTIONS

The Company had no transactions with Directors or Key Management Personnel during the year ended 31 December 2019 (2018: none) except for the transactions relating to Director emoluments disclosed in Note 5.