General Accident plc

Registered in Scotland No. SC119505

Annual Report and Financial Statements 2024

Contents

Directors and officer

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

M Verma
N Harrison
A R Parkes
S M Adams

Officer – Company Secretary

R H Sim

Independent Auditors

Ernst & Young LLP, Statutory Auditor
London

Registered office

Pitheavlis
Perth
Scotland
PH2 0NH

Company number

Registered in Scotland no. SC119505

Other information

General Accident plc ("the Company") is a member of the Aviva plc group of companies ("the Group").

Strategic report

The directors present their strategic report for the Company for the year ended 31 December 2024.

Review of the Company's business

Principal activities

The Company is a wholly-owned subsidiary of Aviva plc. Its principal activity is the provision of loans to its parent company. During 2024, the income of the Company continued to consist of interest received on a loan made to its parent company. The Company continues to have preference shares listed on the London Stock Exchange.

Financial position and performance

The financial position of the Company at 31 December 2024 is shown in the statement of financial position on page 18, with the trading results shown in the income statement on page 15 and the statement of cash flows on page 19.

Profit for the year before tax has increased from £449 million in 2023 to £471 million in 2024. The increase from prior year is due to an increase in the interest rate on the loan receivable with the parent company, from 4.7534% to 4.9746%.

Net assets have increased from £13,935 million in 2023 to £14,385 million in 2024. The increase is due to the profit for the year of £471 million, offset by the payment of preference dividends (£21 million). There was no ordinary dividend declared in 2024 (2023: £425 million).

Significant events

There were no significant events in the year.

Future outlook

Strategies for the Group (i.e. Aviva plc and its subsidiaries, joint ventures and associates) as a whole are determined by the Board of Aviva plc and these are shown in the Aviva plc Annual Report and Accounts 2024. The Company will work with the Group to support the implementation of these strategies. The directors consider that the Company's principal activities will continue unchanged for the foreseeable future.

It is anticipated that the Company's significant financial assets will continue to comprise amounts due from its parent company, Aviva plc.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Company and the Company's risk management policies are set out in note 13 to the financial statements.

Risk factors beyond the Company's control that could cause actual results to differ materially from those estimated include, but are not limited to:

- *Credit risk:* The net asset value of the Company's financial resources is exposed to the potential default on the loan and short-term receivables due from its parent, Aviva plc. The external issuer credit rating of Aviva plc (representing an issuer's ability to meet its overall financial commitments as they fall due) is A, and as such the risk of counterparty default is considered remote.

  In addition, the loan amounting to £9,439 million (2023: £9,439 million) is secured by a legal charge against the ordinary share capital of Aviva Group Holdings Limited mitigating the risk of loss in the event of Aviva plc defaulting. Due to the nature of the loan, and the fact that it is intended to be held until settled by Aviva plc (on maturity or earlier if redeemed before maturity) and not traded, the Company is not exposed to the risk of changes to the market value caused by changing perceptions of the credit worthiness of Aviva plc. There were no expected credit losses at either 31 December 2024 or 31 December 2023.

- *Interest rate risk*: The net asset value of the Company's financial resources is exposed to potential fluctuations in interest rates impacting investment income. The Company's income is exposed to movement in the SONIA interest rate, as the interest due on the loan receivable is primarily determined by the GBP SONIA swap rate. The effect of a 100 basis point increase/decrease in the SONIA benchmark rate would be an increase/decrease in net interest income of £94 million.

Section 172 Statement

We report here on how our Directors have discharged their duties under Section 172(1) of the Companies Act 2006.

S.172 sets out a series of matters to which the directors must have regard to in performing their duty to promote the success of the Company for the benefit of its shareholders, which includes having regard to other stakeholders.

Our Board considers it crucial that the Company maintains a reputation for high standards of business conduct. The Board is responsible for monitoring and upholding the culture, values, standards, ethics and reputation of the Company to ensure that our obligations to our shareholders, customers and other stakeholders are met and Management drives the embedding of the desired culture throughout the organisation. The Board monitors adherence to our policies and compliance with local corporate governance requirements and is committed to acting where our businesses fall short of the standards we expect.

Strategic report continued

Our culture

Our culture is shaped, in conjunction with the wider Aviva Group, by our clearly defined purpose – with you today for a better tomorrow. As the provider of financial services to millions of customers, Aviva seeks to earn their trust by acting with integrity and a sense of responsibility at all times. We look to build relationships with all our stakeholders based on openness and transparency and we value diversity and inclusivity in our workforce and beyond.

Stakeholder Engagement

(i) Employees

The Company has no employees. All UK employees engaged in the activities of the Company are employed by subsidiary undertakings of Aviva plc. Disclosures relating to employees may be found in the annual report and financial statements of these companies.

(ii) Customers

The Company has no direct customers.

(iii) Suppliers

All Group supplier related activity is managed in line with the Group's Procurement & Outsourcing Business Standard. This ensures that supply risk is managed appropriately including in relation to customer outcomes, data security, corporate responsibility, financial, operational, contractual, and brand damage caused by inadequate oversight or supplier failure.

An important part of the Group's culture is the promotion of high legal, ethical, environmental and employee related standards within our business and also among our suppliers. Before working with any new suppliers, we provide them with our Supplier Code of Behaviour, and our interaction with them is guided by our Business Code of Ethics.

The Board reviews the actions the Group has taken to prevent modern slavery and associated practices in any part of our supply chain and approves the Group's Modern Slavery Act statement each year.

(iv) Shareholders

The Board considers the long-term impact of corporate actions and decisions on our shareholders. During 2024 the Board has approved preference dividends of £21 million.

Our ultimate equity shareholder is Aviva plc and there is ongoing communication and engagement with the Aviva plc Board. Any matters requiring escalation are escalated by the Board through the Chair to its parent. Additionally, members of the Aviva plc board can attend board meetings by invitation.

Key performance indicators

The directors consider that the Company's key performance indicators (KPIs) that communicate the financial performance are as follows:

Measure	**2024**	2023
Effective interest rate earned on loans (%)	**4.97**	4.75

Effective interest represents the interest received in the year as a proportion of the weighted average loan principal. A loan amendment, in December 2022, extended the loan maturity to 31 December 2027 and changed the interest rate to a floating rate based on the GBP SONIA swap rate plus the One Year Credit Default Swap Spread of Aviva plc effective from 1 January 2023. The rate applicable until 31 December 2024 has remained constant through the year at 4.97%.

On behalf of the Board on 26 February 2025

M Verma

Director

Directors' report

The directors submit their annual report and the audited financial statements for the Company for the year ended 31 December 2024. This directors' report also comprises of the management report required under the Disclosure and Transparency Rule 4.1.5R.

Directors

The names of the current directors of the Company are shown on page 3.

Details of Board appointments and resignations during the year and since the year end are shown below:

S M Adams	Appointed as a director on 16 January 2024
M Verma	Appointed as a director on 01 April 2024
A Dinwiddie	Resigned as a director on 01 April 2024

In accordance with the Company's articles of association, at the forthcoming Annual General Meeting, all appointed directors will retire from office and, being eligible, will offer themselves for re-election.

Company secretary

The name of the company secretary of the Company is shown on page 3.

Details of Board appointments and resignations during the year and since the year end are shown below:

K J Bye	Resigned as company secretary on 18 July 2024
R Kalsi	Appointed as company secretary on 18 July 2024. Resigned as company secretary on 13 November 2024
R H Sim	Appointed as company secretary on 13 November 2024

Restrictions on transfer of securities or voting rights

There are no restrictions on the voting rights attaching to the Company's ordinary shares or the transfer of securities in the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or voting rights.

Share class rights

Rights and obligations attaching to the Company's shares are set out in the Articles. No person holds securities in the Company carrying special rights with regard to control of the Company

Dividends

No interim ordinary dividends on the Company's ordinary shares were declared and settled during 2024 *(2023: £425 million)*. The directors do not recommend a final dividend on the Company's ordinary shares for the year ended 31 December 2024 *(2023: £nil)*. The total cost of dividends paid during the year, including preference dividends of £21 million *(2023: £21 million)*, amounted to £21 million *(2023: £446 million)*.

Articles of association

Unless expressly stated to the contrary in the Articles, the Company's Articles may only be amended by special resolution of the shareholders. The Company's current Articles were adopted on 16 December 2015.

Powers of directors

The powers of the Company's directors are subject to relevant legislation and, in certain circumstances (including in relation to the buying back by the Company of its preference shares), are subject to authority being given to the directors by shareholders at a general meeting

Change of control

There are a no agreements that take effect, alter, or terminate upon a change of control of the Company following a takeover bid., and no agreements with employees or directors for compensation for loss of office or employment that occurs because of a takeover bid.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report, which includes a section describing the principal risks and uncertainties. In addition, the financial statements include notes on the Company's management of its major risks (see note 13).

The Company and its immediate parent, Aviva plc, have considerable financial resources together with a diversified business model, with a spread of businesses and geographical reach. The directors believe that the Company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Company and the Group as a whole have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements (at least to 26 February 2026). The review includes consideration of the Company's current and forecast solvency and liquidity which aligns to management's business plan. For this reason, they continue to adopt, and to consider appropriate, the going concern basis in preparing the financial statements.

Future outlook

Likely future developments in the business of the Company are discussed in the strategic report on page 4.

Employees

The Company has no employees. All UK employees engaged in the activities of the Company are employed by subsidiary undertakings of Aviva plc.

Directors' report continued

Purchase of own shares

At the Annual General Meeting held on 07 May 2024, shareholders renewed the Company's authority to make market purchases of up to 140 million 8 $^{7}/_{8}$% cumulative irredeemable preference shares of £1 each and up to 110 million 7 $^{7}/_{8}$% cumulative irredeemable preference shares £1 each. At the 2025 Annual General Meeting, shareholders will be asked to renew these authorities for another year.

Climate-Related Financial Disclosures

Group-wide governance information in accordance with recommendations of the Taskforce for Climate-related Financial Disclosure can be found in the Climate-related Financial Disclosure of Aviva Plc.

Disclosure of information to the auditors

In accordance with section 418 of the Companies Act 2006, the directors in office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's External Auditors, Ernst & Young LLP, Statutory Auditor, are unaware and each director has taken all steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that Ernst & Young LLP, Statutory Auditor are aware of that information.

Independent auditors

At the 2024 Annual General Meeting of the Company's ultimate parent company, shareholders approved the appointment of Ernst & Young LLP as the Group's external auditor for the financial year ending 31 December 2024 and PwC resigned after 12 years in position.

Qualifying indemnity provision

In 2004, Aviva plc, the Company's immediate parent, granted an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985, which continue to apply in relation to any provision made before 1 October 2007. This indemnity is a "qualifying third-party indemnity" for the purposes of section 309A to section 309C of the Companies Act 1985. These qualifying third-party indemnity provisions remain in force as at the date of approving the directors' report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards. Under company law, 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 UK-adopted international accounting standards 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 responsible for the maintenance and integrity of the Company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors’ report continued

Directors’ confirmations

Each of the directors, whose names and functions are listed in Directors and officers confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

Corporate governance

The Company is a wholly-owned subsidiary of Aviva plc, a company listed on the London Stock Exchange, and as such is subject to Aviva plc’s system of risk management, internal control and financial reporting. Aviva plc is subject to the UK Corporate Governance Code. The Aviva plc Annual Report and Accounts set out details of how the Aviva Group has applied the principles and complied with the provisions of the 2018 UK Corporate Governance Code during 2024. Further information on the Code can be found on the Financial Reporting Council’s website, www.frc.org.uk.

On behalf of the Board on 26 February 2025

M Verma

Director

Independent auditors’ report to the members of General Accident plc

Opinion

We have audited the financial statements of General Accident plc for the year ended 31 December 2024 which comprise the Income Statement, the Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position, the Statement of cash flows and the related notes 1 to 15, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the company’s affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included:

- confirming our understanding of management’s going concern assessment process and obtaining management’s assessment which covers the period to 26 February 2026;
- challenging the key assumptions underlying the mandatory obligations of the company up to 26 February 2026;
- performing enquiries of management and those charged with governance to identify risks or events that may impact the company’s ability to continue as a going concern. We also obtained management’s assessment approved by the Board, minutes of meetings of the Board and its committees; and
- testing the appropriateness of the going concern disclosures by comparing the disclosures with management’s assessment and considering their compliance with the relevant reporting requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company’s ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue up to 26 February 2026.

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

Overview of our audit approach

Key audit matters	•	Revenue recognition
Materiality	•	Overall materiality of £144 million which represents 1% of total assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, and changes in the business environment when assessing the level of work to be performed.

Climate change

Based on our audit work and enquiries of management we have not identified a material impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

First year audit considerations

In the preparation for our first-year audit of the 31 December 2024 financial statements, we performed a number of transitional procedures. Following our selection, we undertook procedures to establish our independence of the Company, including ensuring that all staff who work on the audit are independent of the Company. We used time prior to commencing any audit work to gain an understanding of the business issues and meet with key management. We were appointed by the Board of directors in May 2024, and were independent from 1 January 2024. Our transition activities included shadowing the former auditor PricewaterhouseCoopers LLP (‘PwC’) at key meetings with management. We reviewed PwC’s 2023 audit work papers and gained an understanding of their risk assessment and key judgements. We held a number of meetings with management to understand the key judgements being made for the 31 December 2023 year end. We used the understanding the audit team had formed to establish our audit base and assist in the formalisation of our audit strategy for the 2024 audit. This involved gaining an understanding of the Company’s key processes and controls over financial reporting through walkthroughs of the processes.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditors' report to the members of General Accident plc

Risk	Our response to the risk	Key observations communicated to those charged with governance
Revenue Recognition (2024: £471 million, 2023: £449 million) Accounting policies (page 13); and Note 1 of the Financial Statements (page 20) The revenue of the Company consists of interest income on a loan with Aviva plc. Considering the magnitude of the balance in the income statement (£471 million), revenue is an audit focus.	We performed the following procedures to substantively test the revenue balance: – Inspected the agreements for the loan and agreed key terms used in the computation of income back to the contract; – Recalculated interest income; – Agreed intercompany balances to those held within Aviva plc year-end accounting records; and – Tested journal entries relating to revenue.	We identified no differences between management's calculated interest income and our recalculation based on the in force loan agreement terms.

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.
We determined materiality for the company to be £144 million, which is 1% of total assets. We believe that total assets is the appropriate materiality basis as the users are principally concerned with the asset position of the entity to pay preference dividends.
During the course of our audit, we reassessed initial materiality and determined that there were no changes to planning materiality.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.
On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £72 million. We have set performance materiality at this percentage due to it being our first year as the statutory auditor.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.
We agreed with the Board of directors that we would report to them all uncorrected audit differences in excess of £7 million, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.
We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information
The other information comprises the information included in the annual report set out on pages 1 to 8, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Independent auditors' report to the members of General Accident plc

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are relevant laws and regulations related to elements of company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the UK Listing Authority.
- We understood how General Accident plc is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed correspondence between the company and UK regulatory bodies; reviewed minutes of the board and its committees; and gained an understanding of the Company's approach to governance, demonstrated by the board's approval of the Company's governance framework.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. Our procedures over the Company's control environment included assessment of the consistency of operations and controls in place within the Company.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the Company's methods of enforcing and monitoring compliance with such policies.

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

Other matters we are required to address

- Following the recommendation from the Board of directors, we were appointed by the company on 29 May 2024 to audit the financial statements for the year ending 31 December 2024 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is one year, covering the year ending 31 December 2024.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.
- The audit opinion is consistent with the additional report to the Board of directors.

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

Niamh Byrne (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

26 February 2025

Accounting policies

The Company is a public limited company incorporated and domiciled in the United Kingdom ("UK") and limited by shares. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(A) Basis of preparation

The financial statements of the Company have been prepared and approved by the directors in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and the disclosure guidance and transparency rules sourcebook of the United Kingdom's Financial Conduct Authority.

The financial statements have been prepared on a going concern basis as explained in the Directors' report on page 6.

The Company's financial statements are stated in pounds sterling, which is the Company's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in millions of pounds sterling (£m).

New standards, interpretations and amendments to published standards that have been issued and endorsed by the UK and adopted by the Company

The company has adopted the following amendments to standards which became effective for the annual reporting period beginning on 1 January 2024. The amendments do not have a significant impact on the Company's financial statements.

(i) Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

(ii) Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

(iii) Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures: Supplier Finance Arrangements

Standards, interpretations and amendments to published standards that are not yet effective and have not been adopted early by the Company

The following standards and amendments to existing standards have been issued, are not yet effective for the Company, and have not been adopted early by the Company.

(i) IFRS 18: Presentation and Disclosure in Financial Statements

In April 2024, the IASB published IFRS 18, which aims to improve how companies communicate in their financial statements by:
- Requiring additional defined subtotals in the statement of profit or loss;
- Requiring disclosures about management-defined performance measures; and
- Adding new principles for grouping of information.

IFRS 18 is effective for annual reporting beginning on or after 1 January 2027 and has yet to be endorsed by the UK. The standard is expected to result in presentational changes to the Company's income statement, and new disclosures of management-defined performance measures will be required in the notes to the financial statements. The Company is in the early stages of implementation; however, no financial impacts are expected as a result of adoption.

The following new standards and amendments to existing standards have been issued, are not yet effective and have not been adopted early by the Company and are not expected to have a significant impact on the Company's financial statements.

(i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

Published by the IASB in August 2023. The amendments are effective for annual reporting beginning on or after 1 January 2025 and have been endorsed by the UK.

(ii) Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Amendments to the Classification and Measurement of Financial Instruments

Published by the IASB in May 2024. The amendments are effective for annual reporting beginning on or after 1 January 2026 and have yet to be endorsed by the UK.

(iii) Annual improvements to IFRS Accounting Standards – Volume 11: Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

Published by the IASB in July 2024. The amendments are effective for annual reporting beginning on or after 1 January 2026 and have been endorsed by the UK.

(iv) Contracts Referencing Nature-dependent Electricity: Amendments to IFRS 9 and IFRS 7

Published by the IASB in December 2024. The amendments are effective for annual reporting beginning on or after 1 January 2026 and have yet to be endorsed by the UK.

(iv) IFRS 19: Subsidiaries without Public Accountability: Disclosures

Published by the IASB in May 2024. This standard cannot be applied by the Company because it is only applicable to subsidiaries that have no public accountability. IFRS 19 is effective for annual reporting beginning on or after 1 January 2027 and has yet to be endorsed by the UK.

Accounting policies continued

(B) Critical accounting policies and the use of estimates

The preparation of financial statements requires the Company to select accounting policies and make estimates and assumptions that affect items reported in the income statement, statement of financial position, other primary statements and notes to the financial statements.

The Company does not have any critical accounting policies and does not rely on estimation or assumptions in these financial statements.

(C) Investment income

Investment income consists of interest receivable for the year. Interest receivable is recognised as it accrues, taking into account the effective yield on the investment.

(D) Derecognition and offset of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a “pass-through” arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently enforceable legal right to set off the recognised amounts and there is the ability and intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(E) Receivables and other financial assets

Receivables and other financial assets are recognised initially at their fair value. Subsequent to initial measurement receivables, excluding those loans due from Group operations held at fair value as described below, are measured at amortised cost using the effective interest rate method, less expected credit losses.

Loans due from Group operations

Loans with fixed maturities are recognised when cash is advanced to borrowers. Loans where repayments consist solely of principal or interest are subsequently measured at amortised cost using the effective interest rate method. Loans with indefinite future lives are carried at unpaid principal balances. All other loans are held at fair value through profit or loss (FVTPL) based on the outcome of a business model assessment, or where the contractual cash flows are not solely payment of principal and interest.

The Company reviews the carrying value of loans held at amortised cost at each balance sheet date. Impairment is calculated using forward looking expected credit losses. To the extent that a loan is considered to be uncollectable, it is written down as impaired through the Income Statement. Any subsequent recoveries are credited to the income statement.

(F) Contingent liabilities

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable, or the amount cannot be reasonably estimated.

(G) Tax charge

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits before taxation and amounts charged or credited to components of other comprehensive income and equity, as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The rates enacted or substantively enacted at the statement of financial position date are used to value the deferred tax assets and liabilities.

Deferred 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. Where there is a history of tax losses, deferred tax assets are only recognised in excess of deferred tax liabilities if there is convincing evidence that future profits will be available.

Deferred tax is provided on any temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred taxes are not provided in respect of any temporary differences arising from the initial recognition of goodwill, or from the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit or loss at the time of the transaction.

Current and deferred tax relating to items recognised in other comprehensive income and directly in equity are similarly recognised in other comprehensive income and directly in equity respectively, except for the tax consequences of distributions from certain equity instruments, to be recognised in the income statement. Deferred tax related to any fair value re-measurement of investments, held at fair value through other comprehensive income, owner-occupied properties, pensions and other post-retirement obligations and other amounts charged or credited directly to other comprehensive income is recognised in the statement of financial position as a deferred tax asset or liability.

Accounting policies continued

(H) Share capital

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

(ii) the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

Dividends

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends on these shares are recognised when they have been approved by shareholders. Dividends on preference shares are recognised in the period in which they are declared and approved.

(I) Earnings per share

Basic earnings per share is calculated by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Details are given in note 7.

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, such as convertible debt and share options granted to employees. Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease net earnings per share.

Income statement

For the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Income			
Investment income	C & 1	**471**	449
Expenses		**—**	—
Profit before tax		**471**	449
Tax charge	G & 5	**—**	—
Profit for the year		**471**	449
Earnings per share			
Basic (pence per share)	I & 7	**2.35**	2.24
Diluted (pence per share)	I & 7	**2.35**	2.24

The accounting policies (identified alphabetically) on pages 12 to 14 and notes (identified numerically) on pages 20 to 25 are an integral part of the financial statements.

Statement of comprehensive income

For the year ended 31 December 2024

	2024	2023
	£m	£m
Profit for the year	**471**	449
Total comprehensive income for the year	**471**	449

The accounting policies (identified alphabetically) on pages 12 to 14 and notes (identified numerically) on pages 20 to 25 are an integral part of the financial statements.

Statement of changes in equity

For the year ended 31 December 2024

	Notes	Ordinary Share Capital £m	Preference Share Capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 January 2023		4,781	250	8,859	42	13,932
Profit for the year		—	—	—	449	449
Total comprehensive income for the year		—	—	—	449	449
Dividends paid	H & 6	—	—	—	(446)	(446)
Balance at 31 December 2023		4,781	250	8,859	45	13,935
Profit for the year		**—**	**—**	**—**	**471**	**471**
Total comprehensive income for the year		**—**	**—**	**—**	**471**	**471**
Dividends paid	H & 6	**—**	**—**	**—**	**(21)**	**(21)**
Balance at 31 December 2024		**4,781**	**250**	**8,859**	**495**	**14,385**

The accounting policies (identified alphabetically) on pages 12 to 14 and notes (identified numerically) on pages 20 to 25 are an integral part of the financial statements.

Statement of financial position

As at 31 December 2024

	Notes	2024 £m	2023 £m
Assets			
Non current assets			
Receivables and other financial assets	E & 8	**14,364**	13,914
Current assets			
Receivables and other financial assets	E & 8	**21**	21
Total assets		**14,385**	13,935
Equity			
Ordinary share capital	H & 9	**4,781**	4,781
Preference share capital	H & 10	**250**	250
Share premium		**8,859**	8,859
Retained earnings	11	**495**	45
Total equity		**14,385**	13,935
Liabilities			
Total liabilities		**—**	—
Total equity and liabilities		**14,385**	13,935

The financial statements were approved by the Board of Directors on 26 February 2025 and signed on its behalf by

M Verma

Director

Registered in Scotland No. SC119505

The accounting policies (identified alphabetically) on pages 12 to 14 and notes (identified numerically) on pages 20 to 25 are an integral part of the financial statements.

Statement of cash flows

For the year ended 31 December 2024

	2024 **£m**	2023 £m
Total net cash used in operating activities	**—**	—
Total net cash used in investing activities	**—**	—
Total net cash used in financing activities	**—**	—
Total net increase/(decrease) in cash and cash equivalents	**—**	—
Cash and cash equivalents at 1 January	**—**	—
Cash and cash equivalents at 31 December[1]	**—**	—

[1] The closing balance as at 31 December 2024 is £998 *(2023: £285)*. The majority of the Company's cash requirements are met by fellow Group companies, including the preference share dividend of £21m (*2023: £21m*) which is settled on the Company's behalf (see note 14 for further disclosure of transactions on the Company's behalf by its related parties).

The accounting policies (identified alphabetically) on pages 12 to 14 and notes (identified numerically) on pages 20 to 25 are an integral part of the financial statements.

Notes to the financial statements

For the year ended 31 December 2024

1. Investment Income

	Note	2024 £m	2023 £m
Interest income			
From loans due from parent company held at amortised cost	14(a)	**471**	449
Total investment income		**471**	449

Investment income represents interest income accrued on the loan due from parent. This has increased in the current year due to a loan amendment in December 2022. This amendment changed the interest rate to a floating rate based on the GBP SONIA swap rate plus the One Year Credit Default Swap Spread of Aviva plc effective from 1 January 2023. The rate applicable until 31 December 2024 has remained constant through the year at 4.9746%, which is an increase on the rate of 4.753% applied in the year ending 31 December 2023.

2. Employee information

The Company has no employees (*2023: nil*). All UK employees are employed by fellow subsidiary undertakings of Aviva plc.

3. Directors' remuneration

The directors were all remunerated by Aviva Employment Services Limited, a fellow subsidiary of Aviva plc for their services to the Group as a whole. They were not remunerated for their services as directors of the Company and the amount of time spent performing their duties is incidental to their roles across the Group. This is consistent with prior years.

S M Adams, M Verma, N Harrison, A Dinwiddie and A R Parkes were remunerated for their roles as employees across the Group.

4. Auditors' remuneration

The total remuneration payable by the Company, excluding VAT, to its auditors, Ernst & Young LLP, Statutory Auditor (2023: PricewaterhouseCoopers LLP) is as follows:

	2024 £000	2023 £000
Fees payable to Ernst & Young LLP (2023: PricewaterhouseCoopers LLP) for the statutory audit of the Company's financial statements	**48**	46

There were no non-audit fees paid to the Company's auditors during the year *(2023: £nil)*. All fees have been borne by Aviva plc.

5. Tax Charge

(a) Tax (charged)/credited to the income statement

(i) There was no tax credited or charged to the income statement in either 2024 or 2023.

(ii) There were no unrecognised tax losses and no temporary differences of previous years used to reduce the current tax expense in either 2024 or 2023.

(b) Tax (charged)/credited to other comprehensive income

There was no tax credited or charged to other comprehensive income in either 2024 or 2023.

(c) Tax reconciliation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of the United Kingdom as follows:

	Note	2024 £m	2023 £m
Total profit before tax		**471**	449
Tax calculated at standard UK corporation tax rate of 25% (2023: 23.5%)		**(118)**	(106)
Surrender of tax losses from Group undertakings for no charge		**118**	106
Total tax charge to the income statement	5(a)	**—**	—

During 2023, legislation on The Organisation for Economic Co-operation and Development proposals to reform the international tax system and introduce a global minimum effective rate of corporation tax of 15% was enacted in the UK, to take effect from 31 December 2023. The Company (as part of the Aviva Group) has assessed it's potential exposure, based on the available information, and does not anticipate any exposure to additional tax under these provisions.

Notes to the financial statements

For the year ended 31 December 2024

6. Dividends

	Note	2024 £m	2023 £m
Ordinary dividends declared and charged to equity in the year:			
Interim dividend 2023 - 2.2222 GBP per share, paid on 31 December 2023	14(b)(iii)	—	425
		—	425
Preference dividends declared and charged to equity in the year	14(b)(iii)	**21**	21
Total dividends for the year		**21**	446

7. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
Profit for the year after tax (£m)	**471**	449
Cumulative preference dividends for the year (£m)	**(21)**	(21)
Profit attributable to equity holders of the company (£m)	**450**	428
Profit attributable per share (pence) - Basic and diluted	**2.35**	2.24

The calculation of basic earnings per share used a weighted average of 19,125 million (2023*: 19,125 million*) ordinary shares in issue.

(b) Diluted earnings per share

Diluted earnings per share is calculated the same way as basic earnings per share (see note 7(a)) as there are no dilutive potential ordinary shares outstanding.

8. Receivables and other financial assets

	Notes	2024 £m	2023 £m
Loans due from parent held at amortised cost	14(a)	**9,439**	9,439
Amounts due from parent held at amortised cost	14(b)(i)	**4,946**	4,496
Total as at 31 December		**14,385**	13,935
Expected to be recovered in less than one year		**21**	21
Expected to be recovered in more than one year		**14,364**	13,914
		14,385	13,935

The £21 million expected to be recovered in less than one year refers to £21 million of preference dividends. The £9,439 million principal loan has a maturity date of 31 December 2027. The fair value of the loan approximates to its carrying value.

9. Ordinary share capital

	2024 £m	2023 £m
Allotted, called up and fully paid		
19,125,600,632 (2023: 19,125,600,632) ordinary shares of 25 pence each	**4,781**	4,781

Ordinary shares in issue in the Company rank pari passu. All the ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company.

Notes to the financial statements
For the year ended 31 December 2024

10. Preference share capital

	2024	2023
	£m	£m
Allotted, called up and fully paid		
140,000,000 (2023: 140,000,000) 8 ⅞ % cumulative irredeemable of £1 each	**140**	140
110,000,000 (2023: 110,000,000) 7 ⅞ % cumulative irredeemable of £1 each	**110**	110
	250	250

Whilst there is no limitation on the number of shares that the Company may issue, the directors will still be limited as to the number of shares they can allot because authority to allot continues to be required under the Companies Act 2006.

The Company's cumulative irredeemable preference shares are listed on the London Stock Exchange. They are irredeemable but, subject to the provisions of the Companies Act 2006, the Company may at any time purchase any preference shares at either par or on the prevailing market price upon such terms as the Board shall determine.

The cumulative irredeemable preference shares rank, as to payment of a dividend and capital, ahead of the Company's ordinary share capital. The issued preference shares are non-voting except where their dividends are in arrears, on a winding up or where their rights are altered. On a winding up, they carry a preferential right of return of capital ahead of the ordinary shares. The Company does not have a contractual obligation to deliver cash or other financial assets to the preference shareholders, and therefore the directors may make dividend payments at their discretion.

11. Retained earnings

	Note	**2024**	2023
		£m	£m
Balance at 1 January		**45**	42
Profit for the year		**471**	449
Dividends paid	6	**(21)**	(446)
Balance at 31 December		**495**	45

12. Tax assets / (liabilities)

The Company had no current or deferred tax assets or liabilities at 31 December 2024 (*2023: £nil).*

13. Risk management

Risk Environment
Macroeconomic risk has been elevated throughout 2024. Global growth forecasts for 2025 have lost momentum with the possibility of US policy changes such as global trade restrictions, higher inflationary impulses and heightened geo-political tensions. We expect continued regulatory change in 2025 and beyond, with a significant number of ongoing developments that will create a high level of regulatory scrutiny on the insurance industry. We have also increased the protection level of anti-malware and cyber incident security controls in response to the increased threat of malware and ransomware attacks across the world.

(a) Risk management framework

The Company operates a risk management framework that forms an integral part of the management and Board processes and decision-making framework, aligned to the Group's risk management framework.

The Company's risk management approach is aimed at actively identifying, measuring, managing, monitoring and reporting significant existing and emerging risks. Risks are managed considering the significance of the risk to the business and its internal and external stakeholders.

To promote a consistent and rigorous approach to risk management across all businesses, the Group has a set of risk policies and business standards which set out the risk strategy, appetite, framework and minimum requirements for the Group's worldwide operations, including the Company.

For the purposes of risk identification and measurement, and aligned to the Company's risk policies, risks are usually grouped by risk type: credit, market, liquidity and operational risk. Risks falling within these types may affect a number of metrics including those relating to statement of financial position strength, liquidity and profit.

The directors recognise the critical importance of having efficient and effective risk management systems in place and acknowledge that they are responsible for the Company's framework of internal control and of reviewing its effectiveness. The framework is designed to manage rather than eliminate the risk of failure to achieve the Company's objectives and can only provide reasonable assurance against misstatement or loss. The directors of the Company are satisfied that their adherence to this Group framework provides an adequate means of managing risk in the Company.

Further information on the types and management of specific risk types is given in sections (b) to (f) below.

(b) Credit risk

Credit risk is the risk of financial loss as a result of the default or failure of third parties to meet their payment obligations to the Company, or variations in market values as a result of changes in expectation related to these risks.

The credit quality of receivables and other financial assets is monitored by the Company, and provisions are made for expected credit losses. Expected credit losses on receivables and other financial assets are calculated with reference to the Company's historical experience of losses adjusted for forward looking information. Short term financial assets (where all amounts are receivable within 12 months from the reporting date) do not generally attract an expected credit loss charge.

The Company's financial assets primarily comprise of loans and receivables due from its parent, Aviva plc, which has an external issuer credit rating of A (issuer credit ratings represent an issuer's ability to meet its overall financial commitments as they fall due), and as such the credit risk arising from the counterparty failing to meet all or part of their obligations is considered remote. There are no material expected credit losses recognised in relation to loans due from Aviva plc.

In addition, the loan amounting to £9,439 million *(2023: £9,439 million)* is secured by a legal charge against the ordinary share capital of Aviva Group Holdings Limited. Due to the nature of the financial assets, and the fact that the loans are intended to be held until settled, by the issuer (on maturity or earlier if redeemed before maturity), and not traded, the Company is not exposed to the risk of changes to the market value caused by changing perceptions of the credit worthiness of Aviva plc. Expected credit losses at 31 December 2024 were £nil *(2023: £nil)*.

(c) Market risk

Market risk is the risk of an adverse financial impact resulting directly or indirectly from fluctuations in interest rates, inflation, foreign currency exchange rates, equity prices and property values. Market risk arises due to fluctuations in income.

The management of market risk is undertaken at business unit and at Group level. Businesses manage market risks locally using the Group market risk framework and within local regulatory constraints. Group Capital is responsible for monitoring and managing market risk at Group level and has established criteria for matching assets and liabilities to limit the impact of mismatches due to market movements.

The most material types of market risk that the Company is exposed to are described below.

(i) Interest rate risk

Interest rate risk arises from the Company's loans to fellow Group companies. Effective from 1 January 2023, interest rate risk arises as the loan receivable is subject to a floating interest rate based on the GBP SONIA swap rate, and so any change in these rates would impact the level of interest income earned by the Company.

Sensitivity of profit before tax and shareholder funds to changes in these benchmark interest rates is given in section (f) 'Risk and capital management' below.

(d) Liquidity risk

Liquidity risk is the risk of not being able to make payments as they become due because there are insufficient assets in cash form.

The Company does not hold any material assets in cash form. Cash settlements of its dividend obligations to holders of preference shares, which are discretionary and subject to director resolution, pass through an intercompany account.

(e) Operational risk

Operational risk is the risk of a direct or indirect loss, arising from inadequate or failed internal processes, people and systems, or external events, including changes in the regulatory environment.

Given its limited activities, the key operational risks to the Company are inadequate governance and lack of sufficiently robust financial controls. The risks are mitigated by the Company's implementation of the Group's risk management policies and framework and compliance with the Group's Financial Reporting Control Framework.

(f) Risk and capital management

The Company's capital risk is determined with reference to the requirements of the Company's stakeholders. In managing capital, the Company seeks to maintain sufficient, but not excessive, financial strength to support the payment of preference dividends and the requirements of other stakeholders. The sources of capital used by the Company are equity shareholders' funds and preference shares. At 31 December 2024 the Company had £14,385 million *(2023: £13,935 million)* of total capital employed.

The Company uses a number of sensitivity test-based risk management tools to understand the volatility of earnings, the volatility of capital requirements and to manage its capital more efficiently. Management undertakes a quarterly review of risk, the output from which is a key input into the risk-based capital assessments. Primarily, a risk-based capital model and scenario tests are used. Sensitivities to economic and operating experience are regularly produced on financial performance measurements to inform the Group's decision making and planning processes, and as part of the framework for identifying and quantifying the risks to which the Company is exposed.

Notes to the financial statements

For the year ended 31 December 2024

(i) Sensitivity results

Results of sensitivity testing for the Company's business are set out below. For each sensitivity, the impact of a change in a single factor is shown, with other assumptions left unchanged.

Sensitivity factor	Description of sensitivity factor applied
Interest rate	The impact of a change in market interest rates by a 1% increase or decrease.
Credit spreads	The impact of a 0.5% increase or decrease in credit spreads over risk free interest rates on Aviva plc corporate bonds.

The impacts of the above sensitivity factors are shown in tables below:

				2024
	Interest rates +1%	**Interest rates -1%**	**Credit spreads +0.5%**	**Credit spreads -0.5%**
	£m	**£m**	**£m**	**£m**
Impact on profit before tax	**94**	**(94)**	**47**	**(47)**
Impact on shareholder's equity	**94**	**(94)**	**47**	**(47)**

				2023
	Interest rates +1%	Interest rates -1%	Credit spreads +0.5%	Credit spreads -0.5%
	£m	£m	£m	£m
Impact on profit before tax	94	(94)	47	(47)
Impact on shareholder's equity	94	(94)	47	(47)

Limitations of sensitivity analysis

The sensitivity analyses include the use of hypothetical market movements to demonstrate potential risks that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

14. Related party transactions

The Company has the following transactions with related parties which include parent companies, subsidiaries, and fellow Group companies in the normal course of business.

(a) Loans due from parent company

On 14 December 2017, the Company provided a loan to Aviva plc, its parent company, of £9,990 million with a maturity date of 31 December 2022. From January 2021, as a result of LIBOR being abolished, this loan was reset at a fixed interest rate. This rate was set as follows; 5- year Gilt (-0.105% as of 1 January 2021) + Basis adjustment 0.15% + 0.65% floor. A subsequent loan amendment in December 2022 extended the loan maturity to 31 December 2027 and changed the interest rate to be based on the GBP SONIA swap rate plus the One Year Credit Default Swap Spread of Aviva plc effective from 1 January 2023.

As at the statement of financial position date, the loan balance outstanding was £9,439 million (2023: £9,439 million). This facility has been secured against the ordinary share capital of Aviva Group Holdings Limited. The loan agreement also includes a penalty interest charge of 1% above the interest rate if any amounts payable under the loan agreement remain outstanding. As at 31 December 2024, no amounts remain outstanding.

Loans due from parent are made on normal arm's-length commercial terms. The maturity analysis of the related party loans receivable is as follows:

	2024	2023
	£m	£m
1-5 years	**9,439**	9,439
Effective interest rate	**4.97%**	4.75%

The interest received on these loans shown in the income statement is £471 million *(2023: £449 million*). See note 1.

(b) Other transactions

(i) Services provided to related parties

Services provided by related parties		**2024**		2023
	Expenses incurred in the year	Receivable at year end	Expenses incurred in the year	Receivable at year end
	£'000	**£m**	£'000	£m
Immediate parent	**48**	**4,946**	46	4,496

The related parties' receivables are not secured and no guarantees were received in respect thereof. The receivables will be settled in accordance with normal credit terms.

Notes to the financial statements

For the year ended 31 December 2024

(ii) Audit fees

Expenses incurred in the year represents audit fees. There were no non-audit fees paid to the Company's auditors during the year *(2023: £nil)*. Audit fees as described in note 4 are borne by the Company's ultimate parent, Aviva plc.

(iii) Dividends paid

In 2024, dividends paid relates to preference dividends of £21 million. In 2023, dividends paid related to an intercompany transaction of £425 million with the Company's parent, Aviva plc, and preference dividends of £21 million. Refer to note 6.

(c) Key management compensation

Key management, which comprises the directors of the Company, are not remunerated directly for their services as directors of the Company and the amount of time spent performing their duties is incidental to their role across the Group. All such costs are borne by Aviva plc and are not recharged to the Company. See note 3 for details of directors' remuneration.

(d) Ultimate parent entity

The ultimate parent entity and controlling party is Aviva plc, a public limited company incorporated and domiciled in the United Kingdom. This is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of Aviva plc consolidated financial statements are available on application to the Group Company Secretary, Aviva plc, 80 Fenchurch Street, London, United Kingdom, EC3M 4AE, and on the Aviva plc website at www.aviva.com.

15. Subsequent events

There are no subsequent events to report.