Aviva Capital Partners Limited

Registered in England and Wales No. 13845935

Annual Report and Financial Statements 2023

Contents

Directors and officer

Directors

J Cummins
D Epstein
B Luckett
F Sayood
A Vita
N Harrison
M Parsons

Officer – Company Secretary

Aviva Company Secretarial Services Limited
80 Fenchurch Street
London
EC3M 4AE

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Registered office

80 Fenchurch Street
London
EC3M 4AE

Company number

Registered in England and Wales no. 13845935

Other information

Aviva Capital Partners Limited (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 2023.

Review of the Company's business

Principal activities

The Company, a private limited company incorporated and domiciled in the United Kingdom (UK), has a principal activity of originating and investing in infrastructure assets, to support Aviva Group strategy, utilising group capital.

Financial position and performance

The financial position of the Company at 31 December 2023 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.

Loss for the period before tax was £2,303 thousand (2022: loss £2,104 thousand). In 2023 this loss was driven by £4,152 thousand of central costs (2022: £2,105 thousand) offset by investment income of £1,849 thousand (2022: £1 thousand).

Net assets as at 31 December 2023 were £73,334 thousand (2022: £1,722 thousand), consisting primarily of investment in subsidiaries, loan notes and financial investments. The increase is primarily due to capital injections from the Company's parent, Aviva Group Holdings Limited ("AGH") of £73,500 thousand during the year.

Significant events

During the year the Company's parent, AGH, made capital injections by way of cash of £73,500 thousand into the Company (£1,250 thousand on 16 January 2023, £20,000 thousand on 29 March 2023, £1,250 thousand on 3 April 2023, £41,500 thousand on 30 May 2023, £1,250 thousand on 6 July 2023 and £8,250 thousand on 14 December 2023). In return, the Company issued £73,500 thousand of ordinary shares to AGH.

On 16 March 2023, the Company invested £20,000 thousand into TopHat Enterprises Limited in exchange for ordinary shares and loan notes to the Company.

On 13 June 2023, the Company invested £41,110 thousand in order to acquire a controlling shareholding of Midlands Regen I Unit Trust.

On 20 December 2023 the company entered into an agreement to invest in the London Cancer Hub (LCH). As part of this agreement the company made a prepayment of £7,000 thousand on 14 December 2023.

Future outlook

Strategies for the wider Aviva Group as a whole are determined by the Board of Aviva plc and these are shown in the Aviva plc Annual Report and Accounts 2023. 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.

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 16 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:

- *Interest rate risk*, as the Company's earnings and financial resources are exposed to potential fluctuations in SONIA benchmark interest rates. The effect of a 100 basis point increase/decrease in these benchmark rates would be an increase/decrease in net investment income of £31 thousand;
- Adverse economic changes in the sectors in which the Company operates, such as the housing market.

Section S.172 Statement

We report here on how our directors have performed their duty under Section 172 (1) of the Companies Act 2006.

S.172 (1) 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 met.

The Board is also focused on the wider social context within which our businesses operate, including those issues related to climate change which are of fundamental importance to the planet's well-being.

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.

Strategic report continued

Stakeholder Engagement (continued)

(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.

(iv) Shareholders

The Company's immediate shareholder is AGH and there is ongoing communication and engagement with the AGH Board. Any matters requiring escalation are escalated by the Board through the Chairman to its parent. Additionally, members of the AGH board can attend board meetings by invitation.

Key performance indicators

Given the early stage of the Company and the level of activity in the period, the Directors do not consider key performance indicators relevant to the Company.

By order of the Board on 14 June 2024

J Cummins 14/06/2024 12:12

Director

Directors' report

The directors submit their annual report and the audited financial statements for the Company for the year ended 31 December 2023.

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:

M Parsons	Appointed 24 July 2023

Company secretary

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

Dividends

The directors do not recommend a final dividend on the Company's ordinary shares for the period ended 31 December 2023 (2022: £nil).

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 16).

The Company, its immediate parent, Aviva Group Holdings Limited, and its ultimate 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 despite the current uncertain macro-economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt, and to consider appropriate, the going concern basis in preparing the financial statements.

Post balance sheet events

Since the balance sheet date the Company's immediate parent, AGH, made a total of £5,500 thousand of capital injections by way of cash consideration, in return for equivalent issuance of ordinary shares to the Company: £1,250 thousand on 2 January 2024, £3,000 thousand on 26 March 2024 and £1,250 thousand on 2 April 2024.

On 9 January 2024 a new subsidiary company, Bunns Lane Development Limited, was incorporated and on the 22 March 2024 it issued £300 thousand share capital to the company.

On 25 January 2024, the Company made a capital injection of £297 thousand into its subsidiary, Midlands Regen I Unit Trust.

In March 2024 the Company acquired a 49% share of Rock Road DevCo Limited and on 2 April 2024 Rock Road Hopper 1 Limited, a subsidiary of Rock Road DevCo Limited, issued £2,891 thousand of junior debt to the Company.

During 2024, financial pressures on the modular homes sector has increased as a result of reduced demand for modular housing generally as well as a more challenging economic environment. This has potential to impact the valuation of the ordinary shares and the external loan receivable with TopHat Enterprises Limited.

Future outlook

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

Stakeholder relationship and engagement

Details about stakeholders can be found in the Section S.172 statement in the Strategic report on page 4.

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 annual report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's External Auditors, PricewaterhouseCoopers LLP, is 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 PricewaterhouseCoopers LLP is aware of that information.

Independent auditors

Under the Competition and Markets Authority Regulations, the Company's ultimate parent company, the Group, is required to tender for the provision of the external audit every 10 years. PricewaterhouseCoopers LLP was appointed for the first time for the 31 December 2012 financial year end and, therefore, a mandatory re-tender was required for the year ended 31 December 2022. The audit tender process was initiated during 2020 but COVID-19 restrictions caused delays and Aviva sought a two year extension from the Financial Reporting Council ('FRC') which was granted. Following a full and rigorous competitive tender process, which was overseen by the Group's Audit Committee, the selection of Ernst & Young LLP from the year ending 31 December 2024 was approved by the Group Board. PricewaterhouseCoopers LLP has continued in its role to undertake the audit for the financial year ending 31 December 2023.

Qualifying indemnity provisions

In 2004, Aviva plc, the Company's ultimate 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' annual report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

Directors' report continued

Qualifying indemnity provisions (continued)

The directors also have the benefit of the indemnity provision contained in the Company's articles of association, subject to the conditions set out in the Companies Act 2006. This is a "qualifying third party indemnity" provision as defined by section 234 of the Companies Act 2006.

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 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 UK-adopted international accounting standards.

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 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 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.

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.

Corporate Governance

The Company is a wholly-owned indirect subsidiary of Aviva plc, a Company with a listing 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 Group has applied the principles and complied with the provisions of the UK Corporate Governance Code during 2023. Further information on the Code can be found on the Financial Reporting Council's website, www.frc.org.uk.

By order of the Board on 14 June 2024

J Cummins 14/06/2024 12:12

Director

Independent auditors' report to the members of Aviva Capital Partners Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Capital Partners Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss and cash flows 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.

We have audited the financial statements, included within the Annual Report and Financial Statements 2023 (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2023; the Income statement, the Statement of comprehensive income, the Statement of cash flows, and the Statement of changes in equity for the year then ended; the Accounting policies; and the notes to the financial statements.

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

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

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.

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

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2023 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 the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the risk that management could post inappropriate or fictitious journal entries that have the potential to impact the financial performance or position of the company. Audit procedures performed by the engagement team included:

- enquiry of management to identify any instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with laws and regulations;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of testing;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness (because of the risk of management bias); and
- evaluating the business rationale of significant transactions entered into outside of the company's normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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.

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 obtained 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.

Zahid Khan

Zahid Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 June 2024

Accounting policies

The Company, a private limited company incorporated and domiciled in the United Kingdom (UK), has a principal activity of originating and investing in infrastructure assets, to support Aviva Group strategy, utilising group capital.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(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 and the legal requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss (FVTPL).

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

The Company is exempt from preparing group financial statements by virtue of section 400 of the Companies Act 2006, as it is a subsidiary of a UK parent and is included in the consolidated financial statements for the Group, i.e. the ultimate parent company, Aviva plc, and its subsidiaries, joint ventures and associates, at the same date. These financial statements therefore present information about the Company as an individual entity.

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 pounds sterling (£), rounded to thousands.

New standards, interpretations and amendments to published standards that have been 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 2023. The amendments have been issued and endorsed by the UK and do not have a significant impact on the Company's financial statements.

(i) Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

(ii) Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

(iii) Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

(iv) Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules

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

The following amendments to existing standards have been issued, are not yet effective and are not expected to 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
Published by the IASB in January 2020. The amendments are effective for annual reporting beginning on or after 1 January 2024 and have been endorsed by the UK.

(ii) Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants
Published by the IASB in October 2022. The amendments are effective for annual reporting beginning on or after 1 January 2024 and have been endorsed by the UK.

(iii) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
Published by the IASB in September 2022. The amendments are effective for annual reporting beginning on or after 1 January 2024 and have been endorsed by the UK.

(iv) Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures: Supplier Finance Arrangements
Published by the IASB in May 2023. The amendments are effective for annual reporting beginning on or after 1 January 2024 and have been endorsed by the UK.

(v) 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 yet to be endorsed by the UK.

(vi) 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.

(vii) IFRS 18 Presentation and Disclosure of Financial Statements
Published by the IASB in April 2024. The amendments are effective for annual reporting beginning on or after 1 January 2027 and have yet to be endorsed by the UK.

(*viii*) *IFRS 19: Subsidiaries without Public Accountability: Disclosures*
Published by the IASB in May 2024. The amendments are effective for annual reporting beginning on or after 1 January 2027 and have 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 statement of comprehensive income, statement of financial position, other primary statements, and notes to the financial statements.

Critical accounting policies

The following accounting policies are those that have the most material impact on the amounts recognised in the financial statements, with those judgements involving estimation summarised thereafter.

Item	Critical accounting judgement	Accounting policy
Investment in subsidiaries	Investments in subsidiaries are recognised at cost less impairment. Investments are reviewed at least annually to test whether any indicators of impairment exist. Where there is objective evidence that such an asset is impaired, the investment is impaired to its recoverable value and any unrealised loss is recorded in the income statement.	C
Financial investments	Classification and measurement of financial investments including the mandatory application of measurement at fair value through profit or loss (FVTPL).	H

Use of estimates

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. Actual results may differ from those estimates, possibly significantly.

The table below sets out those items considered particularly susceptible to changes in estimates and assumptions, and the relevant accounting policy and note disclosures.

Item	Material accounting estimates	Accounting policy	Note
Investment in subsidiaries	Investments in subsidiaries are recognised at cost less impairment. Investments are reviewed annually to test whether any indicators of impairment exist by comparing the carrying value and the estimated recoverable amount. Where there is objective evidence that such an asset is impaired, the investment is impaired to its recoverable value and any unrealised loss is recorded in the income statement.	C	7
Fair value of financial instruments	The valuation techniques involve judgement with regard to the valuation models used and the inputs to these models can lead to a range of plausible valuations for financial investments.	D & H	8 & 9

(C) Investment in subsidiaries

Subsidiaries are those entities over which the Company has control, either directly or indirectly. The Company controls an investee if, and only if, the Company has all of the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Company considers all relevant facts and circumstances in assessing whether it has power over an investee including: the purpose and design of an investee, relevant activities, substantive and protective rights, and voting and potential voting rights. The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investments in subsidiaries are recognised at cost less impairment. Investments are reviewed at least annually to test whether any indicators of impairment exist. Where there is objective evidence that such an asset is impaired, the investment is impaired to its recoverable value and any unrealised loss is recorded in the income statement.

(D) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. This presumes that the transaction takes place in the principal (or most advantageous) market under current market conditions. Fair value is a market-based measure and in the absence of observable market prices in an active market, it is measured using the assumptions that market participants would use when pricing the asset or liability.

The fair value of a non-financial asset is determined based on its highest and best use from a market participant's perspective. When using this approach, the Company takes into account the asset's use that is physically possible, legally permissible and financially feasible.

Accounting policies continued

(D) Fair value measurement continued

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. In certain circumstances, the fair value at initial recognition may differ from the transaction price. If the fair value is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging), or is based on a valuation technique whose variables include only data from observable markets, then the difference between the fair value at initial recognition and the transaction price is recognised as a gain or loss in the income statement. When unobservable market data has a significant impact on the valuation of financial instruments, the difference between the fair value at initial recognition and the transaction price is not recognised immediately in the income statement, but deferred and recognised in the income statement on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out or otherwise matures.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances is used to measure fair value.

(E) Net investment income

Investment income consists of interest income on the external and internal loans. Interest income is recognised as it accrues, taking into account the effective yield on the investment.

(F) Other expenses

Other expenses consist of central costs payable to other group undertakings and are expensed as they are incurred.

(G) 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.

(H) Financial investments

The Company classifies its investments as financial assets at FVTPL based on a business model assessment and the extent to which the contractual cash flows associated with financial assets are solely payments of principle and interest. Purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the assets, at their fair values.

In general, the Company’s investment or risk management strategy is to manage its financial investments on a fair value basis.

Debt and equity securities, which the Company manage and evaluate performance on a fair value basis, are classified as mandatorily held at FVTPL.

(I) 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

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. All other loans are held at FVTPL based on the outcome of a business model assessment, or where the contractual cash flows are not solely payment of principal and interest.

To the extent that a loan is considered to be uncollectable, it is written down through the Income Statement. Any subsequent recoveries are credited to the income statement.

(J) Payables and other financial liabilities

Payables and other financial liabilities, excluding derivatives, are recognised initially at their fair value and are subsequently measured at amortised cost using the effective interest rate method.

(K) Statement of cash flows

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand.

For the purposes of the statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in payables and other financial liabilities on the statement of financial position.

Accounting policies continued

(L) Income taxes

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.

(M) 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.

Income statement

For the year ended 31 December 2023

	Note(s)	2023 £000	2022 £000
Income			
Net investment income	E & 1	**1,849**	1
		1,849	1
Expenses			
Other expenses	F & 2	**(4,152)**	(2,105)
		(4,152)	(2,105)
Loss before tax		**(2,303)**	(2,104)
Tax credit	L & 6	**415**	526
Loss for the period		**(1,888)**	(1,578)

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 20 to 30 are an integral part of the financial statements.

Statement of comprehensive income

For the year ended 31 December 2023

	2023	2022
	£000	£000
Loss for the period	**(1,888)**	(1,578)
Total comprehensive expense for the period	**(1,888)**	(1,578)

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 20 to 30 are an integral part of the financial statements.

Statement of changes in equity
For the year ended 31 December 2023

	Note(s)	Ordinary Share Capital £000	Accumulated losses £000	Total equity £000
Balance at 13 January 2022		**—**	**—**	**—**
Loss for the year		—	(1,578)	(1,578)
Total comprehensive expense for the year		—	(1,578)	(1,578)
Issue of share capital	M & 11	3,300	—	3,300
Balance at 31 December 2022		**3,300**	**(1,578)**	**1,722**
Loss for the period		**—**	**(1,888)**	**(1,888)**
Total comprehensive expense for the period		**—**	**(1,888)**	**(1,888)**
Issue of share capital	M & 11	**73,500**	**—**	**73,500**
Balance at 31 December 2023		**76,800**	**(3,466)**	**73,334**

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 20 to 30 are an integral part of the financial statements.

Statement of financial position

As at 31 December 2023

	Note(s)	2023 £000	2022 £000
Assets			
Non-current assets			
Investments in subsidiaries	C & 7	**41,110**	—
Financial investments	H & 8	**1,100**	—
Receivables and other financial assets	I & 10	**21,960**	950
Current tax assets	L & 13(a)	**541**	—
Deferred tax assets	L & 13(b)	**—**	526
Current assets			
Current tax assets	L	**400**	—
Receivables and other financial assets	I & 10	**9,055**	1
Cash and cash equivalents	K & 15	**1**	2,350
Total assets		**74,167**	3,827
Equity			
Ordinary share capital	M & 11	**76,800**	3,300
Accumulated losses	12	**(3,466)**	(1,578)
Total equity		**73,334**	1,722
Liabilities			
Current liabilities			
Payables and other financial liabilities	J & 14	**833**	2,105
Total liabilities		**833**	2,105
Total equity and liabilities		**74,167**	3,827

The financial statements on pages 15 to 30 were approved by the Board of Directors on 14 June 2024 and signed on its behalf by

J Cummins 14/06/2024 12:11

Director

Registered in England and Wales No. 13845935

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 20 to 30 are an integral part of the financial statements.

Statement of cash flows

For the year ended 31 December 2023

	Note(s)	**2023**	2022
		£000	£000
Cash flows used in operating activities			
Other operating expenses		**(5,629)**	—
Total net cash used in operating activities		**(5,629)**	—
Cash flows used in investing activities			
Capital contributions to subsidiaries		**(41,110)**	—
Net purchase of financial investments		**(27,000)**	—
Loans provided to parent	17(a)(i)	**(2,110)**	(950)
Total net cash used in investing activities		**(70,220)**	(950)
Cash flows from financing activities			
Issue of share capital		**73,500**	3,300
Total net cash from financing activities		**73,500**	3,300
Total net (decrease)/increase in cash and cash equivalents		**(2,349)**	2,350
Cash and cash equivalents at 1 January / 13 January 2022		**2,350**	—
Cash and cash equivalents at 31 December	K & 15	**1**	2,350

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 20 to 30 are an integral part of the financial statements.

Notes to the financial statements

1. Details of income

	Note	**2023**	2022
		£000	£000
Income from parent			
Interest income due from loans held at amortised cost	17(b)(i)	**47**	1
		47	1
Interest and other similar income			
From financial instruments mandatorily held at FVTPL		**1,802**	—
Net investment income		**1,849**	1
Total income		**1,849**	1

2. Details of expenses

	2023	2022
	£000	£000
Central costs	**4,152**	2,105
Total expenses	**4,152**	2,105

Central costs relate primarily to recharges of staff costs and other operational expenses.

3. Employee information

The Company has no employees (2022: no employees). All UK employees engaged in the activities of the Company are employed by fellow subsidiary undertakings of Aviva plc.

4. Directors' remuneration

All directors during the period were remunerated by Aviva Employment Services Limited, a fellow subsidiary of Aviva plc.

Four of the directors were not remunerated for their services as directors of the Company and the amount of time spent performing their duties were incidental to their roles across the Group.

The remuneration of the three other directors is disclosed within the aggregate of key management compensation in note 17(c).

The emoluments in respect of the three directors are shown in the table below:

	2023	2022
	£000	£000
Aggregate emoluments	**925**	892
	925	892

During the period, one of the directors accrued retirement benefits under money purchase pensions schemes in respect of qualifying services of £4,000 (2022: £5,683) via salary sacrifice (included in the total aggregate emoluments reported) and no directors accrued retirement benefits under defined benefit pension schemes in respect of qualifying services.

During the period, none of the directors exercised share options, and two of the directors received a total of 28,972 shares (2022: 25,546) in the Company's ultimate parent company, Aviva plc, under long term incentive schemes at a price of £4.09 per share (2022: £4.24).

The details of the highest paid director are as follows:

	2023	2022
	£000	£000
Aggregate emoluments	**564**	557
	564	557

During the period, the highest paid director received 22,004 shares in the Company's ultimate parent company (2022: 21,226) under long term incentive schemes at a price of £4.09 per share (2022: £4.24), and did not participate in a money purchase or defined benefit plan.

Notes to the financial statements continued

5. Auditors' remuneration

The total remuneration payable by the Company, excluding VAT, to its auditors, PricewaterhouseCoopers LLP is as follows:

	2023	2022
	£000	£000
Fees payable to PricewaterhouseCoopers LLP for the statutory audit of the Company's financial statements	**53**	26
	53	26

The Company is exempt under SI 2008/489 from the obligation to disclose fees in respect of 'Other services' as the Company is a subsidiary of Aviva plc, which prepares consolidated financial statements. Fees paid to the Company's auditors, PricewaterhouseCoopers LLP and its associates for services other than the statutory audit and audit related assurance services of the Company and other Group undertakings are disclosed in the consolidated annual report and financial statements of Aviva plc.

6. Tax credit

(a) Tax credited to the income statement

(i) The total tax credit comprises:

	2023	2022
	£000	£000
Current tax		
For this year	**541**	—
Prior period adjustments	**400**	—
Total current tax	**941**	—
Deferred tax		
Origination and reversal of temporary differences	**(526)**	526
Total deferred tax	**(526)**	526
Total tax credited to the income statement	**415**	526

(ii) Deferred tax (charged)/credited to the income statement represents movements on the following items:

	2023	2022
	£000	£000
Unused losses and tax credits	**(526)**	526
Total deferred tax (charged)/credited to the income statement	**(526)**	526

(b) Tax reconciliation

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

	Note	**2023**	2022
		£000	£000
Total loss before tax		**(2,303)**	(2,104)
Tax calculated at standard UK corporation tax rate of 23.5% (2022:19%)		**541**	400
Adjustment to tax charge in respect of prior periods		**(126)**	—
Movement in valuation of deferred tax		**—**	126
Total tax credit to the income statement	6(a)	**415**	526

The UK Government has enacted an increase in the UK corporation tax rate to 25% to take effect from 1 April 2023. This rate has been used in the calculation of the Company's deferred tax assets as at 31 December 2023.

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 its potential exposure, based on the available information, and does not anticipate any exposure to additional tax under these provisions.

Notes to the financial statements continued

7. Investments in subsidiaries

(a) Movements in the Company's investments in its subsidiaries

	Note(s)	2023 £000	2022 £000
At 1 January		**—**	—
Additions	7(b)(i)	**41,110**	—
At 31 December		**41,110**	—

(b) Material movements

(i) Additions

On 12 June 2023, the Company acquired 95% of the share capital of Midlands Regen I Unit Trust for a cash consideration of £39,306 thousand. Subsequently further cash investments were made on 3 October 2023 of £1,085 thousand, on 27 October 2023 of £254 thousand, and 19 December 2023 of £464 thousand.

8. Financial investments

(a) Carrying amount

Financial investments comprise:

Financial assets mandatorily held at FVTPL	2023 £000	2022 £000
Equity securities		
Ordinary shares		
Ordinary shares in TopHat Enterprises Ltd	**1,100**	—
Total financial investments	**1,100**	—
Expected to be recovered in less than one year	**—**	—
Expected to be recovered in more than one year	**1,100**	—
Total financial investments	**1,100**	—

On 16 March 2023, the Company invested £1,100 thousand into ordinary shares of TopHat Enterprises Limited.

(b) Cost, unrealised gains and fair value

The following is a summary of the cost/amortised cost, gross unrealised gains and losses and fair value of financial investments:

	2023				2022			
	Cost/ amortised cost £000	**Unrealised gains £000**	**Unrealised losses and impairments £000**	**Fair value £000**	Cost/ amortised cost £000	Unrealised gains £000	Unrealised losses and impairments £000	Fair value £000
Equity securities	**1,100**	**—**	**—**	**1,100**	—	—	—	—
	1,100	**—**	**—**	**1,100**	—	—	—	—

All unrealised gains and losses and impairments on financial investments classified as FVTPL have been recognised in the income statement.

Unrealised gains and losses on financial investments, classified as FVTPL and recognised in the income statement in the year, were a net gain/loss of £nil *(2022: £nil)*, which comprises unrealised gains of £nil *(2022: £nil)* and unrealised losses of £nil *(2022: £nil)*.

9. Fair value methodology

(a) Basis for determining fair value hierarchy of financial instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the 'fair value hierarchy' described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1

Inputs to Level 1 fair values are quoted prices (unadjusted) in active markets for identical assets and liabilities that the Company can access at the measurement date. Level 1 inputs already reflect market participant views of climate change impacts and no further adjustments are made to these values.

Notes to the financial statements continued

9. Fair value methodology continued

Level 2

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include the following:

- quoted prices for similar assets and liabilities in active market;
- quoted prices for identical or similar assets and liabilities in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly;
- inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads); and
- market-corroborated inputs.

Where broker quotes are used and no information as to the observability of inputs is provided by the broker, the investments are classified as follows:

- where the broker price is validated by using internal models with market observable inputs and the values are similar, the investment is classified as Level 2; and
- in circumstances where internal models are not used to validate broker prices, or the observability of inputs used by brokers is unavailable, the investment is classified as Level 3.

Level 3

Inputs to Level 3 fair values are unobservable inputs for the asset or liability. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset or liability. Examples are investment properties, certain private equity investments and private placements.

Third-party valuations using significant unobservable inputs validated against Level 2 internally modelled valuations are classified as Level 3, where there is a significant difference between the third-party price and the internally modelled value. Where the difference is insignificant, the instrument would be classified as Level 2.

(b) Changes to valuation techniques

There were no changes in the valuation techniques during the year compared to those described in the Company's 2022 report and financial statements.

(c) Comparison of the carrying amount and fair values of financial instruments

Fair value of the following assets and liabilities approximate to their carrying amounts:

- Receivables and other financial assets
- Cash and cash equivalents
- Payables and other financial liabilities.

(d) Fair value hierarchy

An analysis of assets and liabilities measured at fair value categorised by fair value hierarchy is given below:

					2023				2022
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	**Note**	£000	£000	£000	£000	£000	£000	£000	£000
Financial investments									
Equity security investments	8	—	—	1,100	1,100	—	—	—	—
Total		—	—	1,100	1,100	—	—	—	—
Receivables									
External loans receivables	10	—	—	18,900	18,900	—	—	—	—
Total		—	—	18,900	18,900	—	—	—	—

(e) Transfers between levels of the fair value hierarchy

For financial instruments that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels of the fair value hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

No material transfers between levels occurred during the period.

Notes to the financial statements continued

9. Fair value methodology continued

(f) Further information on Level 3 financial instruments

The table below shows movements in the Level 3 assets measured at fair value:

	2023		2022	
	Equity securities	**Other Receivables**	Equity securities	Other Receivables
Level 3 assets measured at FV	**£000**	**£000**	£000	£000
Opening balance at 1 January / 13 January 2022	**—**	**—**	—	—
Additions	**1,100**	**18,900**	—	—
Balance at 31 December	**1,100**	**18,900**	—	—

Valuation methodology

Equity securities and external loan receivables are initially valued at cost of investment. In subsequent periods detailed management reviews of business plans and cash flow models are undertaken to assess the fair value of these assets. Management will also review other factors which may indicate an impairment of these assets. This review was carried out at the 31 December 2023 and cost was assessed to be reasonable proxy for fair value at this date.

Sensitivities

Where possible, the Company tests the sensitivity of the fair values of Level 3 assets to changes in unobservable inputs to reasonable alternatives. Valuations for Level 3 investments are sourced from independent third parties when available and, where appropriate, validated against internally-modelled valuations, third-party models or broker quotes. Level 3 assets of £20,000 thousand *(2022:* £nil) have been valued using cost as a reasonable proxy for fair value. It is estimated that a 10% change in valuation downwards of these assets would result in a change in fair value of approximately £2,000 thousand (2022: £nil).

10. Receivables and other financial assets

	Note	**2023**	2022
		£000	£000
External loan receivable		**18,900**	—
Loans due from parent	17(a)(i)	**3,060**	950
Amounts due from parent	17(b)(i)	**47**	1
Prepayments		**7,206**	—
Accrued Interest from third parties		**1,802**	—
Total as at 31 December		**31,015**	951
Expected to be recovered in less than one year		**9,055**	1
Expected to be recovered in more than one year		**21,960**	950
		31,015	951

The £7,206 thousand prepayments relate to a deposit and associated fees in relation to the investment in the London Cancer Hub ("LCH").

11. Ordinary share capital

	2023	2022
	£000	£000
Allotted, called up and fully paid		
76,800,000 *(2022: 3,300,100)* ordinary shares of £1 each	**76,800**	3,300

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. The Company has no additional authorised but unallotted shares.

12. Accumulated losses

	2023	2022
	£000	£000
Balance at 1 January / 13 January 2022	**(1,578)**	—
Loss for the period	**(1,888)**	(1,578)
Balance at 31 December	**(3,466)**	(1,578)

Notes to the financial statements continued

13. Tax assets

(a) Current tax

Current tax assets recoverable in more than one year are £541 thousand (2022: £nil).

(b) Deferred tax

(i) The net deferred tax asset arises on the following items:

	2023 £000	2022 £000
Unused losses and tax credits	—	526
	—	526

(ii) The movement in the net deferred tax asset was as follows:

	2023 £000	2022 £000
Net deferred tax asset at 1 January / 13 January 2022	**526**	—
Amounts (charged)/credited to income statement	**(526)**	526
Net deferred tax asset at 31 December	**—**	526

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. In assessing future probability, the directors have relied on Board approved business plans and profit forecasts for up to five years, and the Group's history of taxable profits in the UK.

14. Payables and other financial liabilities

	Note	2023 £000	2022 £000
Amounts due to other group companies	17(b)(ii)	**833**	2,105
Total as at 31 December		**833**	2,105
Expected to be settled within one year		**833**	2,105
Total as at 31 December		**833**	2,105

The fair value of the payable is approximate to its carrying value.

15. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	**1**	2,350
Total at 31 December	**1**	2,350

16. Risk management

(a) Risk management framework

The Group operates a risk management framework that forms an integral part of the management, Board processes and decision-making framework across the Group, including the Company. The key elements of the risk management framework comprise risk appetite; risk governance, including risk policies and business standards, risk oversight committees and roles and responsibilities; and the processes the Group uses to identify, measure, manage, monitor and report (IMMMR) risks, including the use of risk models and stress and scenario testing.

For the purposes of risk identification and measurement, and aligned to the Group's risk policies, risks are usually grouped by risk type: credit, market, liquidity, life insurance, general insurance, asset management 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. They may also affect the performance of the products the Group delivers to its customers and the service to its customers and distributors, which can be categorised as risks to brand and reputation or as conduct risk.

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. The business chief executive officers make an annual declaration supported by an opinion from the business chief risk officers that the system of governance and internal controls was effective and fit for purpose for their business throughout the year.

Notes to the financial statements continued

16. Risk management continued

(a) Risk management framework continued

A regular top-down key risk identification and assessment process is carried out by the risk function. This includes the consideration of emerging risks and is supported by deeper thematic reviews. The risk assessment processes are used to generate risk reports which are shared with the relevant risk committees.

Risk models are an important tool in the measurement of risks and are used to support the monitoring and reporting of the risk profile and in the consideration of the risk management actions available. The Group carries out a range of stress (where one risk factor, such as interest rates, is assumed to vary) and scenario (where combinations of risk factors are assumed to vary) tests to evaluate their impact on the business and the management actions available to respond to the conditions envisaged.

Roles and responsibilities for risk management in the Group, including the Company, are based around the 'three lines of defence model' where ownership for risk is taken at all levels in the Group. Line management in the business is accountable for risk management, including the implementation of the risk management framework and embedding of the risk culture. The risk function is accountable for quantitative and qualitative oversight and challenge of the risk identification, measurement, monitoring, management and reporting processes and for developing the risk management framework. Internal Audit provides an independent assessment of the risk management framework and internal control processes.

Board oversight of risk and risk management across the Group is maintained on a regular basis through the Aviva plc Risk Committee. The Aviva plc Board has overall responsibility for determining risk appetite, which is an expression of the risk the business is willing to take.

Further information on the types and management of specific risk types is given in sections (b) to (f) below. The risks to the Company's subsidiaries are managed through the risk management framework described above. Sections (b) to (f) below are limited to the specific risks of the Company.

(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 expectations related to these risks.

The Company's approach to managing credit risk recognises that there is a risk of adverse financial impact resulting from fluctuations in credit quality of counterparties including default, rating transition and credit spread movements. The Company's credit risks arise principally through exposures to inter-company loans and receivables.

The Group manages its credit risk at business unit and Group level. All business units' management of credit risk includes implementation of credit risk management processes (including limits frameworks), the operation of specific risk management committees, and detailed reporting and monitoring of exposures against pre-established risk criteria.

(i) Financial exposures to Group companies

The Company has financial exposure to amounts due from fellow Group companies. The credit risk arising from Group counterparties failing to meet all or part of their obligations is considered remote. Due to the nature of the intra-group loans, the level of collateral provided and the fact that these loans are not traded, the Company does not provide for fluctuations in market value caused by changing perceptions of the credit worthiness of such counterparties. As at the reporting date, there are no material expected credit losses recognised in relation to loans due from subsidiaries held at amortised cost.

(ii) Financial exposures by credit ratings

Financial assets, other than equities, are graded according to current external credit ratings issued. AAA is the highest possible rating. Investment grade financial assets are classified within the range of AAA to BBB ratings. Financial assets which fall outside this range are classified as sub-investment grade. The following table provides information regarding the aggregated credit risk exposure of the Company for financial assets with external credit ratings excluding assets "held for sale". "Not rated" assets capture assets not rated by external ratings agencies. Non-rated debt securities are allocated an internal rating using a methodology consistent with that adopted by an external rating agency and are considered to be of investment grade credit quality. The credit quality of receivables and other financial assets is monitored by the Company, and provisions for impairment are made for irrecoverable amounts. In assessing whether assets are impaired, due consideration is given to the factors outlined in accounting policy I.

31 December 2023	**AAA**	**AA**	**A**	**BBB**	**Below BBB**	**Not-rated**	**Carrying value £000**
External loans receivables	**—**	**—**	**—**	**—**	**—**	**100 %**	**18,900**

31 December 2022	AAA	AA	A	BBB	Below BBB	Not-rated	Carrying value £000
External loans receivables	—	—	—	—	—	— %	—

An assessment is carried out over financial assets held at amortised cost to determine to what extent assets held can be considered to have low credit risk as at the reporting date. A low credit risk is demonstrated where the borrower has a strong capacity to meet its contractual cash flow obligations in the near term. In making this assessment, the Company makes use of both internal and external credit risk ratings, along with other qualitative and quantitative factors where external ratings are not available. Where a financial asset is deemed to have low credit risk, it is assumed that the credit risk on the respective assets has not increased significantly since initial recognition. All financial assets held at amortised cost have been assessed to have low credit risk with no impairments required.

A financial asset is considered to be in default where contractual payments are past due, and there is objective evidence that the counterparty will be unable to subsequently meet their payment obligations. A financial asset is written off only when all other available measures have been taken to recover amounts due. During the year, none of the cashflows associated with any of the Company's financial assets have been modified or renegotiated *(2022: none)*.

Notes to the financial statements continued

16. Risk management continued

(b) Credit risk continued

(iii) Calculation of expected credit losses

Expected credit losses on material receivables and other assets are calculated with reference to the Company's historical experience of losses, along with an analysis of payment terms. Short term financial assets (where all amounts are receivable within twelve months from the reporting date) do not generally attract an expected credit loss charge, unless there is objective evidence that losses are likely to arise.

The Company has no financial assets which are categorised such that lifetime expected credit losses are calculated or which are deemed to be credit impaired at the reporting date. The Company has not purchased or originated any credit-impaired financial assets as at the reporting date.

The Company makes use of the simplified approach when calculating expected credit losses on receivables and other financial assets which don't include a significant financing component, and therefore calculates expected credit losses over the lifetime of the instrument in question. As at the reporting date, no lifetime expected credit losses have been recognised in relation to trade receivables.

Receivables and other financial assets of £31,015 thousand (2022: £951 thousand) are neither past due nor impaired and are comprised of loans due from parent, external loans receivable and prepayments.

(iv) Impairment of receivables and other financial assets

In assessing the extent to which expected credit losses should be recognised, due consideration is given to the factors outlined in accounting policy I. The following table provides information regarding the carrying value of financial assets subject to impairment testing that have been impaired and the ageing of those assets that are past due but not impaired.

		Financial assets that are past due but not impaired					**2023**
	Neither past due nor impaired	**0-3 months**	**3-6 months**	**6 months-1 year**	**Greater than 1 year**	**Financial assets that have been impaired**	**Carrying value**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Receivables and other financial assets	**31,015**	**—**	**—**	**—**	**—**	**—**	**31,015**

		Financial assets that are past due but not impaired					2022
	Neither past due nor impaired	0-3 months	3-6 months	6 months-1 year	Greater than 1 year	Financial assets that have been impaired	Carrying value
	£000	£000	£000	£000	£000	£000	£000
Receivables and other financial assets	951	—	—	—	—	—	951

Receivables and other financial assets carried at amortised cost include the accrued interest of £1,802 thousand (2022: £nil), prepayments of £7,206 thousand (2022: £nil) and the loan due from parent (AGH) of £3,060 thousand (2022: £950 thousand). External loan receivables of £18,900 thousand (2022: £nil) are carried at FVTPL.

(c) Market risk

Market risk is the risk of adverse financial impact resulting directly or indirectly from fluctuations in interest rates, inflation and adverse economic changes in the sectors in which the Company operates, such as the housing market. Market risk arises due to fluctuations in both the value of liabilities and the value of investments held. The Company seeks some market risks as part of its investment. However, it has limited appetite for interest rate risk because it does not believe interest rate risk is adequately rewarded.

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 type of market risk that the Company is exposed to at the statement of financial position date is interest rate risk. Interest rate risk arises from the External loan receivables and also the Company's loan with fellow Group companies. The interest received on the loan is linked to SONIA benchmark rates and so a change in the rate would impact the level of interest income earned by the Company. A +/- 1% change in interest rates could see +/- £31 thousand interest receivable annually on the loan balance.

(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 seeks to ensure that it maintains sufficient financial resources to meet its obligations as they fall due.

The Company has set its investment strategy to ensure it has sufficient liquid funds to meet its expected obligations as they fall due. In extreme circumstances, the Company would approach the Group, for additional short-term borrowing whilst the Company liquidated other assets.

Aviva plc maintains significant undrawn committed borrowing facilities of £1,700 million (2022: £1,700 million) from a range of highly-rated banks to mitigate this risk further.

Notes to the financial statements continued

16. Risk management continued

(d) Liquidity risk continued

Maturity analyses

The following tables show the maturities of the Company's liabilities, and of the financial assets held to meet them.

(i) Analysis of maturity of liabilities

The following table shows the Company's financial liabilities analysed by duration:

				2023
	Total	**On demand or within 1 year**	**1-5 years**	**5-15 years**
	£000	**£000**	**£000**	**£000**
Payables and other financial liabilities	**833**	**833**	**—**	**—**
	833	**833**	**—**	**—**

				2022
	Total	On demand or within 1 year	1-5 years	5-15 years
	£000	£000	£000	£000
Payables and other financial liabilities	2,105	2,105	—	—
	2,105	2,105	—	—

(ii) Analysis of maturity of financial assets

The following table provides an analysis, by maturity date of the principal, of the carrying value of financial assets which are available to fund the repayment of liabilities as they crystallise.

						2023
		Total	**On demand or within 1 year**	**1-5 years**	**Over 5 years**	**No fixed term (perpetual)**
	Note	**£000**	**£000**	**£000**	**£000**	**£000**
Equity securities	8	**1,100**	**—**	**—**	**—**	**1,100**
Receivables and other financial assets	10	**31,015**	**9,055**	**3,060**	**18,900**	**—**
Cash and cash equivalents	15	**1**	**1**	**—**	**—**	**—**
		32,116	**9,056**	**3,060**	**18,900**	**1,100**

						2022
		Total	On demand or within 1 year	1-5 years	Over 5 years	No fixed term (perpetual)
	Note	£000	£000	£000	£000	£000
Receivables and other financial assets	10	951	1	950	—	—
Cash and cash equivalents	15	2,350	2,350	—	—	—
		3,301	2,351	950	—	—

(e) Operational risk

Operational risk is the risk of direct or indirect loss, arising from inadequate or failed internal processes, people and systems, or external events including changes in the regulatory environment. This includes transaction execution risk, investment management risk and failure or insolvency of suppliers.

Business units are primarily responsible for identifying and managing operational risks within their businesses, within the Group-wide operational risk framework including the risk and control self-assessment process. Businesses must be satisfied that all material risks falling outside our risk tolerances are being mitigated, monitored and reported to an appropriate level. Any risks with a high potential impact are monitored centrally on a regular basis.

Operational risk is quantitatively assessed on the basis of financial loss and misstatement. Potential reputational and conduct impacts are qualitatively assessed. Management use key indicator data to help monitor the status of the risk and control environment. They also identify and capture loss events, taking appropriate action to address actual control breakdowns and promote internal learning.

(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 requirements of stakeholders. The sources of capital used by the Company are equity shareholders' funds. At 31 December 2023 the Company had £73,334 thousand (2022: £1,722 thousand) of total capital employed.

Notes to the financial statements continued

17. Related party transactions

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

Loans to and from all Group companies are made on normal arm's-length commercial terms.

(a) The Company had the following related party transactions

(i) Loans receivable

Loans due from parent

On 16 December 2022 the Company provided an unsecured loan facility of up to £50,000 thousand to the Company's parent, AGH, with a maturity date of 31 December 2025. The loan accrues interest at a floating rate of Overnight SONIA. As at the statement of financial position date, the amount drawn on the loan was £3,060 thousand (2022: £950 thousand). Interest received on this loan shown in the income statement is £47 thousand (2022: £1 thousand).

The maturity analysis of the related party loan receivable is as follows:

	2023	2022
	£000	£000
Within 1 year	**—**	—
1-5 years	**3,060**	950
Over 5 years	**—**	—
	3,060	950
Effective interest rate	**4.63%**	3.43%

(b) Other transactions

(i) Services provided to and income earned from related parties

	2023		2022	
	Income earned in the period	**Receivable at year end**	Income earned in the period	Receivable at year end
	£000	**£000**	£000	£000
Parent	**47**	**47**	1	1
	47	**47**	1	1

Income earned in the period relates to interest income on loan with parent.

(ii) Services provided by and expenses to related parties

Services provided by related parties	**2023**		2022	
	Expenses incurred in the period	**Payable at year end**	Expenses incurred in the year	Payable at year end
	£000	**£000**	£000	£000
Group companies	**4,152**	**833**	2,105	2,105
	4,152	**833**	2,105	2,105

Expenses incurred in the period relate to £4,152 thousand other expenses (2022: £2,105 thousand).

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

(iii) Audit fees

There were no non-audit fees paid to the Company's auditors during the period (2022: £nil). Audit fees as described in note 5 are borne by the Company's ultimate parent, Aviva plc.

(c) Key management compensation

The total compensation to those employees, including relevant directors, classified as key management, being those having authority and responsibility for planning, directing, and controlling the activities of the Company, is as follows:

	2023	2022
	£000	£000
Aggregate emoluments	**925**	892
	925	892

Notes to the financial statements continued

17. Related party transactions continued

(c) Key management compensation continued

Four directors 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 4 for details of directors' remuneration.

Key management personnel of the Company may from time-to-time purchase insurance, savings, asset management, or annuity products marketed by the Group companies on equivalent terms to those available to all employees of the Group. In 2023, such transactions with key management personnel were not deemed to be significant either by size or in the context of their additional positions.

(d) Parent entity

The immediate parent entity is Aviva Group Holdings Limited, a private limited company incorporated and domiciled in the United Kingdom.

(e) Ultimate parent entity

The ultimate parent entity and controlling party, is Aviva plc, a public limited Group 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 EC3M 4AE , and on the Aviva plc website at www.aviva.com

18. Subsequent events

Since the balance sheet date the Company's immediate parent, AGH, made a total of £5,500 thousand of capital injections by way of cash consideration, in return for equivalent issuance of ordinary shares to the Company: £1,250 thousand on 2 January 2024, £3,000 thousand on 26 March 2024 and £1,250 thousand on 2 April 2024.

On 9 January 2024 a new subsidiary company, Bunns Lane Development Limited, was incorporated and on the 22 March 2024 it issued £300 thousand share capital to the company.

On 25 January 2024, the Company made a capital injection of £297 thousand into its subsidiary, Midlands Regen I Unit Trust.

In March 2024 the Company acquired a 49% share of Rock Road DevCo Limited and on 2 April 2024 Rock Road Hopper 1 Limited, a subsidiary of Rock Road DevCo Limited, issued £2,891 thousand of junior debt to the Company.

During 2024, financial pressures on the modular homes sector has increased as a result of reduced demand for modular housing generally as well as a more challenging economic environment. This has potential to impact the valuation of the ordinary shares and the external loan receivable with TopHat Enterprises Limited.

19. Related undertakings

The Company's Act 2006 requires disclosure of certain information about the Company's related undertakings which is set out in this note. Related undertakings comprise direct and indirect subsidiaries, joint ventures, associates and other significant holdings.

The Company's related undertakings along with the country of incorporation, the registered address, the class of shares held and the effective percentage of equity owned at 31 December 2023 are listed below.

(a) The direct related undertakings of the Company as at 31 December 2023 are listed below:

Name of undertaking	Registered address	Country of incorporation	Share class	% held
TopHat Enterprises Limited	22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands	Jersey	Ordinary Shares	7%
Midlands Regen I Unit Trust	11-15 Seaton Place, St Helier, JE4 0QH, Jersey	Jersey	Unit Trust	95%
Midlands Regen I GP Limited	Forum 4 Solent Business Park Parkway South, Whitley, Fareham, Hampshire, United Kingdom, PO15 7AD	United Kingdom	Ordinary shares	95%

(b) The indirect related undertakings of the Company as at 31 December 2023 are listed below:

Name of undertaking	Registered address	Country of incorporation	Share class	% held
Midlands Regen I Limited Partnership	Forum 4 Solent Business Park Parkway South, Whitley, Fareham, Hampshire, United Kingdom, PO15 7AD	United Kingdom	Partnership	95%
Midlands Regen I Nominee Limited	Forum 4 Solent Business Park Parkway South, Whitley, Fareham, Hampshire, United Kingdom, PO15 7AD	United Kingdom	Ordinary Shares	95%