AVIVA CREDIT SERVICES UK LIMITED

Registered in England and Wales No. 00184857

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Contents

Directors and officer

Directors

D Bennett
D J Martin
R D Melvin

T L Gration - Resigned 16 May 2025

Officer - Company Secretary

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

Company number

Registered in England and Wales no. 00184857

Registered office

8 Surrey Street
Norwich
Norfolk, United Kingdom
NR1 3NG

Independent auditors

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Other information

Aviva Credit Services UK Limited (“the Company”) is authorised and regulated by the Financial Conduct Authority (“FCA”).

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 limited company, incorporated under the laws of England and Wales The principal activity of the Company is providing instalment credit and instalment payments administration services in respect of insurance premiums arising on policies written by its parent company, Aviva Insurance Limited ('AIL'). Income for the provision of these services is based on a percentage of the relevant gross written premiums.

Significant events

The Company's financial results are affected by general economic and market conditions, government policy and legislation. During the year, inflation and changes in insurer pricing influenced client behaviour and commission income. The Company continues to monitor these external factors closely and adapt its operations accordingly.

Financial position and performance

The financial position of the Company at 31 December 2024 is shown in the Statement of Financial Position on page 21 and the Statement of Cash Flows on page 22.

The Company's net assets have increased by £2,066,000 (2023: decreased by £2,518,000) due to an increase in profit after tax for the year £2,066,000 (2023 restated: £1,482,000), which was caused by growth in premiums in AIL. No ordinary dividends were declared or settled during the year (2023: £4,000,000).

Section s.172 (1) Statement

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

S.172 sets out a series of matters which the directors must have regard to when performing their duty to promote the success of the Company for the benefit of its shareholders, including 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 establishing, monitoring and upholding the culture, values, standards, ethics and reputation of the Company to ensure that our obligations to our stakeholders are met. The Board monitors adherence to our policies and compliance with local corporate governance requirements and is committed to acting where our business falls short of the standards we expect. Our 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.

Key strategic decisions in 2024

For each matter that comes before the Board, the Board considers the likely consequences of any decision in the long term, identifies stakeholders who may be affected, and carefully considers their interests and any potential impact as part of the decision-making process.

Strategic report (continued)

Section s.172(1) Statement (continued)

Key strategic decisions in 2024 (continued)

The Board decided not to pay a dividend to its parent company in 2024. The Company considers whether it is appropriate to pay dividend to its parent company each year, taking into account the impact of its risk appetite statements.

Our Stakeholders

This section provides insight into how the Board engages with our stakeholders. The Board recognises that stakeholders have diverse interests and that these interests need to be heard. Engaging with our stakeholders is essential to understand what matters most to them and the likely impact of any key decisions.

The Board receives updates from the Executive Directors which detail any substantial engagement with our stakeholders. There are also regular agenda items to ensure that the Board receives relevant updates on all of our key stakeholders, such as reports from our customer service and our business functions.

Our Section 172(1) Statement sets out our approach on how our directors have performed their duty. Our Board's activities section provides further information on key decisions taken in 2024, including how stakeholder views and inputs have been factored into the Board's decision making.

Details of how we engaged with our different groups of stakeholders during 2024 can be found on the following pages. The Board regularly reviews its engagement mechanisms with stakeholders to ensure they remain effective.

Our people **Our people's wellbeing and commitment to serving our customers are the foundations for our performance.**	
How we have engaged - The Company has no employees. All staff engaged in the activities of the Company are employed by fellow subsidiary undertakings of Aviva plc. As part of the Aviva Group, these staff enjoy the benefit of the Aviva Group policies and benefits made available to them. - The Board always aims to provide an inclusive working environment where talent is developed, performance is rewarded and our difference are valued.	**Outcomes and actions during the year** - The Board adopted the Group Diversity, Equity and Inclusion Statement to reflect its commitment to diversity and inclusion initiatives.

Strategic report (continued)

Our Stakeholders (continued)

Customers
Understanding what's important to our customers is key to our long-term success.

How we have engaged	Outcomes and actions during the year
- The Board received regular reporting on, customer service levels, customer outcomes and strategic initiatives throughout the year. - The Board closely monitors customer metrics and engages with the leadership team to understand the issues if performance does not meet customers' expectations. The Company's parent company is supported by a Conduct Committee to enable it to monitor customer metrics, and subsequently engage with senior management to address any issues that may arise from customer complaints, customer feedback and our approach to Customer Best Interest. The Company can escalate any matters it feels necessary to the parent company and its Conduct Committee for further scrutiny.	- The Board continues to monitor and review developments concerning our IT platforms which will allow the Company to simplify and support service delivery to our customers.

Shareholders
Our retail and institutional shareholders are the owners of the Company.

How we have engaged	Outcomes and actions during the year
- The Company's parent company and shareholder is AIL and there is ongoing communication and engagement with the AIL Board. Any matters requiring escalation are escalated by the Board through the Chair to AIL. Additionally, members of the AIL Board can attend the Company's Board meetings by invitation.	- The Board ensured the Company's shareholder understood our strategy and business model. - The Board monitored and received regular updates on Consumer Duty.

Regulators
As a credit service provider, we are subject to financial services regulation and approvals in all the markets we operate in.

How we have engaged	Outcomes and actions during the year
- The Company engages with regulators as appropriate. - The Company responds to requests for information when required, maintaining constructive and open relationships with the UK regulators.	- Regulatory priorities were regularly discussed at Board meetings. - The Board has continued its focus on Consumer Duty with updates provided on a regular basis.

Strategic report (continued)

Our Stakeholders (continued)

Communities **We recognise the importance of contributing to our communities through volunteering, community investment, and long term partnerships.**	
How we have engaged - The Board supports the community activities of the Aviva Group including the well-being proposition for UK employees, the Aviva communities, to help drive greater diversity and inclusivity throughout the organisation and to support colleagues to volunteer in their communities.	**Outcomes and actions during the year** - Employees across the Group were offered the opportunity to volunteer their time to support charities and organisations.

Suppliers **We operate in conjunction with a wide range of suppliers to deliver services to our customers. It is vital that we build strong working relationships with our intermediaries.**	
How we have engaged - All supplier related activity is managed in line with the group procurement and outsourcing business standards. This ensures that supplier risk is managed appropriately in relation to customer outcomes, data security, corporate responsibility, and financial, operational and contractual issues.	**Outcomes and actions during the year** - An important part of our culture is the promotion of high legal, ethical, environmental and employee related standards within our business and also among our suppliers.

Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva plc, and these are shown in the Group 2024 Annual Report and Accounts. The Company will work with the Group to support the implementation of these strategies.

The strategic direction of the Company is set by the directors of the Company. 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 11 to the financial statements.

Strategic report (continued)

Key performance indicators

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

	2024 £000	Restated 2023 £000
Profit before tax	2,066	1,482
Net assets	4,455	2,389

Both profit before tax and net assets have increased as explained in the Financial Position and Performance section above.

By order of the Board on 18 July 2025

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E A Field
For and on behalf of Aviva Company Secretarial Services Limited
Company Secretary

Directors' report

The directors present their annual report and the audited financial statements for the Company for the year ended 31 December 2024.

Directors

The names of the present directors of the Company appear on page 1. The changes in directors in office since the start of the accounting year are as follows:

- D J Martin was appointed as director of the Company on 5 March 2024
- R D Melvin was appointed as director of the Company on 5 March 2024
- T L Gration resigned as a director of the Company on 16 May 2025

In addition, the following directors of the Company have continued in their roles:

- D Bennett

Company Secretary

The name of the company secretary of the Company is shown on page 1.

Dividend

No interim dividend on the Company's ordinary shares was paid to AIL in 2024 (2023: £4,000,000). The directors do not recommend a final dividend on the Company's ordinary shares for the year ended 31 December 2024 (2023: £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 management of its risks including operational, credit and liquidity risk (see note 11).

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

Therefore, after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least a period of twelve months (to 16 July 2026) from the date of approval of the financial statements. For this reason, they continue to adopt 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 5.

Important events since the financial year end

Details of significant post balance sheet events that have occurred subsequent to 31 December 2024 are disclosed in note 14, of which there are none to report.

Political and charitable donations

The Company did not make any political and charitable donations during the year (2023: £nil).

Directors' report (continued)

Financial instruments and financial risk management

The business of the Company includes the use of financial instruments. Details of the Company's risk management objectives and policies and exposures to the risk relating to financial instruments are set out in note 11 to the financial statements.

Employees

The Company has no employees. All staff are employed by a fellow subsidiary undertaking of Aviva plc, Aviva Employment Services Limited. Disclosures relating to employees may be found in the annual report and financial statements of Aviva Employment Services Limited.

Disclosure of information to the auditors

Each person who was a director of the Company on the date that this report was approved confirms that:

(a) so far as the director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware; and

(b) each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

The Company's ultimate Parent Company, Aviva plc, is required to tender for the provision of the external audit every 10 years. Following a full and rigorous competitive tender process, which was overseen by the Group's Audit Committee, the appointment of Ernst & Young LLP was approved by the Aviva plc Board and the appointment was confirmed by the Group's shareholders in May 2024. Ernst & Young LLP undertook the audit for the financial year ending 31 December 2024. In February 2025, the Group Audit Committee recommended to the Group Board that Ernst & Young LLP be reappointed as external auditor for the financial year ended 31 December 2025. The Group Board endorsed that recommendation and proposed the reappointment of EY at the Annual General Meeting held on 30 April 2025, where the reappointment was confirmed.

Qualifying indemnity provisions

Aviva plc, the Company's ultimate parent, granted in 2004 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 s309A to s309C of the Companies Act 1985. These qualifying third party indemnity provisions were in force during the financial year, and 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.

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 s234 of the Companies Act 2006.

Directors' report (continued)

Statement of director's responsibilities

The directors are responsible for preparing the Strategic report, the 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, 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
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will continue in business

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 the financial statements comply with the Companies Act 2006.

They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board on 18 July 2025

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E A Field
For and on behalf of Aviva Company Secretarial Services Limited
Company Secretary

Independent auditors' report to the members of Aviva Credit Services UK Limited

Opinion

We have audited the financial statements of Aviva Credit Services UK Limited (the 'Company') for the year ended 31 December 2024 which comprise the Income statement, 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, 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.

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 12 months from the date the financial statements are authorised.

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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

Independent auditors' report to the members of Aviva Credit Services UK Limited (continued)

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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.

Independent auditors' report to the members of Aviva Credit Services UK Limited (continued)

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 entity 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 the relevant laws and regulations related to elements of company law and tax legislation, and the financial reporting framework.
- We understood how Aviva Credit Services UK Limited 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 the regulatory bodies, reviewed minutes of the Board and obtained an understanding of the Company's approach to governance.
- 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 Company, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, external pressures and the impact these have on the control environment and their potential to influence management to manage earnings or influence the perceptions of stakeholders. Furthermore, our audit procedures included testing the appropriateness of journal entries recorded in the general ledger.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved, making enquiry of those charged with governance and senior management as to their awareness of any non-compliance with laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees and inquiring 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.

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.

Signed by:
Heidi Burton
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Heidi Burton (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
18 July 2025

Accounting policies

Statement of compliance

The Company (registered in England and Wales no. 00184857) is a private company limited by shares, and is incorporated and domiciled in England and Wales. The address of the Company's registered office is included on page 1.

The Company's principal activity is the provision of instalment credit and instalment payments administration services in respect of insurance premiums in the UK.

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 and the legal requirements of the Companies Act 2006.

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

The financial statements of the Company have been prepared on the going concern basis as explained in the Directors' report on page 7.

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 thousands of pounds sterling ("£000") and have been rounded to the nearest thousand pound.

The Company's comparatives for the year ended 31 December 2023 have been restated for the following items, see note 15 for full details and impacts of the restatement:

- Income Statement restatement - During the year, the Company identified that there had been overcharges made on historic policies. Since the year end, the Company has quantified the effect of these overcharges and the remediation to be repaid. For policies beginning in the year ended 31 December 2023, an accrual and reduction to revenue has been recognised equal to the remediation payable

- Statement of Financial Position restatement - The Company has recognised an accrual for the remediation payable, due to historic overcharges, on policies arising during the year ended 31 December 2023. For remediation payable on policies arising before the year ended 31 December 2023, the Company has recognised an adjustment to retained earnings.

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 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

Accounting policies (continued)

(A) Basis of preparation (continued)

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

(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 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.

(v) 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.

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

The directors do not consider any particular accounting policy or estimate to be susceptible to significant changes in estimates and assumptions.

(C) Revenue recognition

Revenue comprises the finance charge earned, including fees charged net of value added tax, rebates and discounts, from the provision of instalment credit to customers based on the contractual terms. Revenue is recognised over the period of provision of instalment credit and, where such provision relates to future accounting periods, the related amount is deferred as at the balance sheet date.

There is no significant judgment or uncertainty in determining the revenue recognition point, expiry date of the delivery obligation or in determining the value of future performance obligations as these are contractual. The revenue recognition policies and methods selected are considered appropriate as they are a faithful depiction of the services being provided and the contractual arrangements to provide them.

The Company has applied the practical expedient so it need not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

(D) Recognition and classification of financial assets

Financial assets are measured initially at fair value plus eligible transaction costs for financial assets held at amortised cost. Financial assets are subsequently measured at amortised cost or fair value through profit or loss ("FVTPL") based on a business model assessment and the extent to which the contractual cash flows associated with the financial assets are solely payments of principal and interest (SPPI). Financial assets are mandatorily held at FVTPL if they do not meet the SPPI criteria or if they are held within a business model where they are managed and evaluated on a fair value basis. The Company's financial assets are managed on a fair value basis as this aligns with their regulatory basis. Therefore, all the Company's financial assets are mandatorily held at FVTPL.

The Company measures equity instruments at FVTPL, with subsequent changes in fair value recognised in the income statement, as it did not make an irrevocable election on initial recognition to measure equity instruments at fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its objectives for managing those financial assets, in which case all affected financial assets are reclassified on the first day of the next reporting period.

(E) Impairment of financial assets

Financial assets held at amortised cost and lease receivables are in the scope of expected credit loss requirements under IFRS 9. This includes financial assets held at amortised cost such as receivables.

Accounting policies (continued)

(E) Impairment of financial assets (continued)

Expected credit loss is an unbiased, probability-weighted estimate of credit losses. It considers all reasonable and supportable information, including forward looking economic assumptions and a range of possible outcomes.

The gross carrying amount of a financial asset is written off to the extent that there is no reasonable expectation of recovery. Subsequent recoveries in excess of the financial asset's written-down carrying value are credited to the income statement.

(F) 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:

(i) the rights to receive cash flows from the asset have expired;

(ii) 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

(iii) the Company has transferred its rights to receive cash flows from the asset and either:
   (a) has transferred substantially all the risks and rewards of the asset; or
   (b) 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 extinguished (that is when the obligation is discharged, or cancelled or expires). The difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

If the terms of a financial asset or financial liability measured at amortised cost are substantially modified, then the contractual rights to cash flows from the original financial asset or financial liability are deemed to have expired or extinguished. The original financial asset or financial liability is derecognised, and a new financial asset or financial liability is recognised at fair value.

A financial asset measured at amortised cost is not derecognised if the contractual terms are not substantially modified and a modification gain or loss is recognised in profit or loss.

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.

(G) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses. Expected credit loss is an unbiased, probability-weighted estimate of credit losses. It considers all reasonable and supportable information, including forward looking economic assumptions and a range of possible outcomes. The Company makes use of the simplified approach when calculating expected credit losses on trade and other receivables and therefore calculates expected credit losses over the lifetime of the instrument in question. Expected credit losses on third party trade receivables and accrued income 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 12 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 does not expect any material credit losses on trade receivables with related parties. Changes in the allowance for expected credit losses are recognised in the income statement.

Accounting policies (continued)

(H) Statement of cash flows

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, deposits held at call with banks, treasury bills and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are those with less than three months' maturity from the date of acquisition, or which are redeemable on demand with only an insignificant change in their fair values.

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

(I) 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.

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.

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 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.

(J) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Accounting policies (continued)

(K) Share capital and dividends

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of 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 2024

	Note	2024 £000	Restated 2023 £000
Revenue		2,066	1,482
Profit for the year before tax		2,066	1,482
Tax	4	-	-
Profit for the year after tax		**2,066**	**1,482**

The Company has no recognised income and expenses other than those included in the results above and therefore a separate statement of comprehensive income has not been presented. The Company's profit for the year is derived from continuing operations.

The accounting policies on pages 13 to 18 and notes on pages 23 to 34 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2024

	Note	Ordinary share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2023		25	5,258	5,283
Remediation accrual impact	15	-	(376)	(376)
Balance at 1 January 2023 - restated		25	4,882	4,907
Profit and total comprehensive income for the year		-	1,482	1,482
Dividends paid	5	-	(4,000)	(4,000)
Total movement in the year		-	(2,518)	(2,518)
Balance at 31 December 2023 - restated		25	2,364	2,389
Profit and total comprehensive income for the year		-	2,066	2,066
Total movement in the year		-	2,066	2,066
Balance at 31 December 2024		**25**	**4,430**	**4,455**

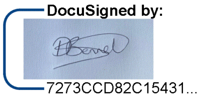
The accounting policies on pages 13 to 18 and notes on pages 23 to 34 form an integral part of these financial statements.

Statement of financial position

As at 31 December 2024

	Note	2024 £000	Restated 2023 £000
ASSETS			
Current assets			
Receivables	6	48,092	36,578
Cash and cash equivalents	10	2,033	2,420
		50,125	38,998
Current liabilities			
Trade and other payables	7	(45,670)	(36,609)
		(45,670)	(36,609)
Net current assets		4,455	2,389
Net assets		**4,455**	**2,389**
EQUITY			
Ordinary share capital	9	25	25
Retained earnings		4,430	2,364
Total equity		**4,455**	**2,389**

The financial statements were approved and signed on behalf of the Board of Directors on 18 July 2025 by:



D Bennett
Director

The accounting policies on pages 13 to 18 and notes on pages 23 to 34 form an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Cash used in operating activities	10(a)	(403)	(4,083)
Net cash used in operating activities		(403)	(4,083)
Total net decrease in cash and cash equivalents		(403)	(4,083)
Cash and cash equivalents net of bank overdrafts at 1 January		2,420	6,503
Cash and cash equivalents net of bank overdrafts at 31 December	10(b)	2,017	2,420

The accounting policies on pages 13 to 18 and notes on pages 23 to 34 form an integral part of these financial statements.

Notes to the financial statements

1. Employee information

All staff are employed by a fellow subsidiary undertaking of Aviva plc, Aviva Employment Services Limited. Disclosures relating to employees may be found in the Annual Report and Financial Statements of Aviva Employment Services Limited.

2. Directors' remuneration

The directors are remunerated for their roles as employees across the Group. They are not remunerated directly for their services as directors of this Company and the amount of time spent performing their duties is incidental to their roles across the Group. No cost is borne by the Company for these services (2023: £nil).

During the year, none of the directors exercised share options (2023: two) and three of the directors were granted shares under long term incentive schemes (2023: four) in relation to shares of the Company's ultimate parent company, Aviva plc.

3. Auditors' remuneration

The total remuneration payable by the Company, excluding VAT, to its auditors, Ernst & Young LLP in 2024 and PwC LLP in 2023, is as follows:

	2024 **£'000**	**2023** **£000**
Fees payable for the audit of the Company's financial statements	15	13

There were no 'Other services' provided to the Company by the Company's auditors, Ernst & Young LLP in 2024, or PwC LLP in 2023.

Audit fees are paid by Aviva Central Services UK Limited, a fellow Group company, and borne by the Company's parent, Aviva Insurance Limited.

4. Tax

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

(b) Tax reconciliation

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

	2024 **£000**	**Restated 2023** **£000**
Profit before tax	2,066	1,482
Tax calculated at standard UK corporation tax rate of 25% (2023 Restated: 23.5%)	517	348
Surrender of tax losses from Group undertakings for no charge	(517)	(348)
Total tax for the year	-	-

Notes to the financial statements (continued)

4. Tax (continued)

The Company (as part of the Aviva Group) is subject to the reform of the international tax system proposed by The Organisation for Economic Co-operation and Development (OECD) which introduces a global minimum effective rate of corporation tax of 15% and took effect in the current period. No current tax charge is included in respect of these provisions. No amount is recorded in 2023 as the tax had not been introduced in this period.

In accordance with the amendments to IAS 12, endorsed in the UK on 19 July 2023, the Company has applied the exemption and not provided for deferred tax in respect of the global minimum tax reforms.

5. Dividends

	2024 £000	2023 £000
Ordinary dividends declared and charged to equity in the year		
Interim dividend - 2024: £nil per share (2023: £160 per share)	-	4,000

No dividends have been declared or settled during the year ended 31 December 2024. Interim ordinary dividends of £4,000,000 were declared during the year ended 31 December 2023 and settled via an intercompany settlement in November 2023.

6. Receivables

	2024 £000	2023 £000
Trade receivables	48,092	36,578
Total as at 31 December	48,092	36,578
Expected to be recovered within one year	48,092	36,578

Financial assets within Receivables are held to collect on the contractual cash flows due to the Company, and are deemed to be solely payments of principal and interest. As a result of this business model and the assessment of the contractual cashflows, these instruments have been measured at amortised cost, which approximates to fair value.

Included within trade receivables is £(1,354)k of deferred income relating to annual service charge fees released as performance obligations are satisfied. The 2023 comparative of £1,083k is included in other financial liabilities and was not restated on the grounds of materiality."

Notes to the financial statements (continued)

7. Trade and other payables

	2024 £000	Restated 2023 £000
Amounts due to related parties (note 13(a)(i))	45,218	35,091
Accruals	429	429
Bank overdrafts	16	-
Other financial liabilities	7	1,089
Total as at 31 December	45,670	36,609
Expected to be settled within one year	45,670	36,609

Trade and other payables are carried at amortised cost, which approximates to fair value.

8. Tax assets and liabilities

(a) Current tax

Current tax assets recoverable and liabilities payable in more than one year are £nil (2023: £nil).

(b) Deferred taxes

The Company did not have any recognised or unrecognised deferred tax balances in either 2024 or 2023.

9. Ordinary share capital

Details of the Company's ordinary share capital are as follows:

	2024 £000	2023 £000
Allotted, called up and fully paid		
25,000 (2023: 25,000) ordinary shares of £1 each	25	25

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 (continued)

10. Statement of cash flows

(a) Reconciliation of profit before tax to the net cash flow from operating activities:

	2024 £000	Restated 2023 £000
Profit before tax	2,066	1,482
Changes in working capital:		
Decrease in receivables	(11,514)	(9,897)
Increase in trade and other payables [1]	9,045	4,341
Decrease in provision	-	(9)
Net cash used in operating activities	(403)	(4,083)

[1] Increase in trade and other payables are stated after the exclusion of the interim dividend settlement settled via intercompany of £nil (*2023* : £4,000k), and the exclusion of bank overdrafts amounting to £16k (*2023: £nil*).

(b) Cash and cash equivalents in the statement of cash flows at 31 December comprised:

	Note	2024 £000	2023 £000
Cash and cash equivalents		2,033	2,420
Bank overdrafts	7	(16)	-
Cash and cash equivalents net of bank overdrafts at 31 December		2,017	2,420

11. Risk management

The Company’s Risk Management Framework (RMF) has a key role in supporting the business to deliver its purpose for our customers, our people and our shareholders, helping the business discover, predict, understand and manage our risks, thereby maintaining a safe risk environment. The (RMF) is aligned to both its immediate parent, Aviva Insurance Limited (AIL) and ultimate parent, Aviva plc. The RMF comprises the systems of governance, including Risk Policies and Business Standards, risk management processes, risk oversight by the Board and clearly defined roles and responsibilities along with the processes used to Identify, Measure, Manage, Monitor and Report (IMMMR) risks.

For the purposes of risk identification and measurement, the risks that the Company is exposed to are grouped by risk type e.g.: credit, liquidity and operational risk. Risks falling within these types may affect a number of metrics including those relating to strength within the statement of financial position, liquidity and profit.

To promote a consistent and rigorous approach to risk management across the business, the Company has adopted a number of Risk Policies and Business Standards. The Risk Policies set out the Board’s risk strategy and appetite for risk and its expectations in respect of the management of risk, while the Business Standards set out the mandated controls which together with any local controls, aim to keep key operational risks within tolerance. The parent company's Chief Executive Officer makes an annual attestation that the system of governance and internal controls was effective and fit for purpose for the Company throughout the year, this declaration is supported by an opinion from the parent company's Chief Risk Officer.

Notes to the financial statements (continued)

11. Risk management (continued)

Aviva staff acting on behalf of the Company are involved in the management and mitigation of risk, with the RMF embedded in the day-to-day management and decision-making processes. The ‘three lines of defence model’ is adopted by the Company and the Group (as required by the RMF policy). First Line (the Business) is accountable for the management of all risks relevant to the business of the Company, including the implementation of the RMF and embedding of the risk culture. Second Line (the Risk Function) is responsible for providing independent objective quantitative and qualitative oversight and challenge of the IMMMR processes and for developing the RMF. Third Line (Internal Audit) provides an independent assessment of the RMF and internal control processes.

Board oversight of risk and risk management across the Company is maintained on a regular basis. The Board has overall responsibility for determining the level of risk the business is willing to take.

(a) Financial risk management

(i) Credit risk

Credit risk is the risk of loss or adverse outcomes due to a third-party default event or to a change to a third-party credit standing. Credit risk is taken so that the Company can provide the returns required to satisfy policyholder liabilities and to generate returns to the Company's shareholders.

At 31 December 2024, receivables are £48,092k (2023: £36,578k). Of this amount, £nil (2023: £nil) is due from related parties, details of which are set out in note 13(a)(i).

An assessment is carried out over all categories of financial asset 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.

Where external credit ratings are available for financial assets, a significant increase in the credit risk of a financial asset is identified where there has been a significant deterioration in the respective credit rating. There is also deemed to be a rebuttable presumption of increased credit risk where contractual payments are more than 30 days past due, unless the Company has supporting evidence to the contrary, such as a strong credit rating for the financial asset.

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 cash flows associated with any of the Company's financial assets have been modified or renegotiated.

The Company makes use of the simplified approach when calculating expected credit losses on trade and other receivables and therefore calculates expected credit losses over the lifetime of the instrument in question. Expected credit losses on third party trade receivables 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 12 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 does not expect any material credit losses on receivables with related parties.

Notes to the financial statements (continued)

11. Risk management (continued)

(a) Financial risk management (continued)

(i) Credit risk (continued)

No financial assets are impaired as at 31 December 2024 (2023: £nil). The table below provides information regarding the ageing of financial assets that are past due but not impaired:

		Financial assets that are past due but not impaired			
31 December 2024	**Neither past due nor impaired £000**	**0 – 3 months £000**	**3 – 6 months £000**	**6 months – 1 year £000**	**Carrying value £000**
Receivables	47,835	228	22	7	48,092

		Financial assets that are past due but not impaired			
31 December 2023 - Restated	**Neither past due nor impaired £000**	**0 – 3 months £000**	**3 – 6 months £000**	**6 months – 1 year £000**	**Carrying value £000**
Receivables	36,335	196	37	10	36,578

The Company's maximum exposure to credit risk for each category of financial asset held at amortised cost for which lifetime expected credit losses have been calculated using the simplified method is as follows:

	Financial exposures by credit rating						
31 December 2024	**AAA £000**	**AA £000**	**A £000**	**BBB £000**	**Speculative grade £000**	**Non-rated £000**	**Carrying value £000**
Receivables	-	-	-	-	-	48,092	48,092
Cash and cash equivalents	-	-	2,033	-	-	-	2,033

	Financial exposures by credit rating						
31 December 2023 Restated	**AAA £000**	**AA £000**	**A £000**	**BBB £000**	**Speculative grade £000**	**Non-rated £000**	**Carrying value £000**
Receivables	-	-	-	-	-	36,578	36,578
Cash and cash equivalents	-	-	2,425	-	-	-	2,420

Notes to the financial statements (continued)

11. Risk management (continued)

(a) Financial risk management (continued)

(i) Credit risk (continued)

Liquidity risk is the risk of not being able to make payments as they become due because there are insufficient assets in cash-form either in normal and/or stressed conditions.

The Company seeks to ensure that it maintains sufficient financial resources to meet its obligations as they fall due through the application of a Financial Risk policy and a Liquidity Business standard.

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

31 December 2024	**Within 1 year £000**	**1 to 5 years £000**	**5 to 15 years £000**	**Over 15 years £000**	**Total £000**
Trade and other payables	45,670	-	-	-	45,670

31 December 2023 - Restated	**Within 1 year £000**	**1 to 5 years £000**	**5 to 15 years £000**	**Over 15 years £000**	**Total £000**
Trade and other payables	36,609	-	-	-	36,609

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:

31 December 2024	**Within 1 year £000**	**1 to 5 years £000**	**5 to 15 years £000**	**Over 15 years £000**	**Total £000**
Trade and other receivables	48,092	-	-	-	48,092
Cash and cash equivalents	2,033	-	-	-	2,033
	50,125	-	-	-	50,125

31 December 2023 - Restated	**Within 1 year £000**	**1 to 5 years £000**	**5 to 15 years £000**	**Over 15 years £000**	**Total £000**
Trade and other receivables	36,578	-	-	-	36,578
Cash and cash equivalents	2,420	-	-	-	2,420
	38,998	-	-	-	38,998

The management of liquidity risk is overseen by the Board.

Notes to the financial statements (continued)

11. Risk management (continued)

(b) Operational risk management (continued)

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. The Company has a very low appetite for operational risks which could result in material losses (direct or indirect), a financial misstatement or have a material negative impact on reputation, customers, employees or other stakeholders.

The Company's Operational Risk and Control Management Framework (ORCM) integrates the results of the risk identification and assurance activities carried out across the Company's three lines of defence. Operational risks are initially identified and assessed against implemented controls. Residual risk outside tolerance is given prioritised management action to reduce it within tolerance.

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.

In addition, specifically with respect to conduct risks, the Company has a very low appetite for poor customer outcomes and seeks to avoid customer harms across all its business activities. Further, it seeks to avoid market abuse or activities which might impact market stability, integrity of fair competition and takes reasonable steps to comply with all conduct regulations and deliver positive customer outcomes.

Oversight of operational risk for the Company is undertaken by the Board.

(c) Climate Change

The Company considers climate change to be a significant risk to our strategy and business model and its impacts are already being felt. Global average temperatures over the last five years have been the hottest on record, with 2024 being the worlds hottest year, and past the 1.5°C warming limit. Despite the United Nations Framework Convention on Climate Change Paris Agreement, the current trend of increasing CO2 emissions is expected to continue and in the absence of radical action by governments, global temperatures are likely to exceed pre-industrial levels by at least 2°C and weather events (floods, droughts and windstorms) increase both in frequency and severity.

The Aviva Group is acting now through its Sustainability Ambition to mitigate and manage its impacts both today and in the future. The ambition is to lead the UK financial services sector in taking action on climate change, building stronger, more resilient communities and running ourselves as a sustainable business. Through these actions, resilience to climate-related transition, physical and liability risks continue to be built. Climate-related risks are 'cross cutting' rather than standalone risks in our Risk Taxonomy, recognising that climate impacts other risks. The most affected risks are credit risk, market risk and general insurance risk.

The material climate-related impacts were described in the PRA 2015 report 'The impact of climate change on the UK insurance sector' and are defined by the Group and the Company below.

Our scenario analysis approach consists of a combination of quantitative (using our Climate VaR metric) and qualitative views, considering transition risks and opportunities, physical risks and litigation risks.

Litigation: In light of the increased occurrence of climate-related litigation we have qualitatively assessed its potential impact accordingly.

Notes to the financial statements (continued)

11. Risk management (continued)

(c) Climate Change (continued)

Further climate-related regulatory developments have included the PRA Supervisory Statement SS3/19, which enhances banks' and insurers' approaches to managing financial risks from climate change; and the various guides and practical tools to help financial firms manage climate-related risks produced by the Climate Financial Risk Forum (CFRF), jointly convened by the PRA and the Financial Conduct Authority (FCA).

Climate considerations continue to be integrated into the Company's strategy, planning, governance, disclosures and risk management processes. As part of this, the Company has integrated climate into its risk management framework and has qualitatively defined its climate risk appetite statement as:

"We have a very low appetite for climate-related risks which could have a material negative impact upon our balance sheet and business model as well as our customers and wider society. We actively seek to reduce our exposure over time to the downside risks arising from the transition to a low carbon economy. We seek to identify and support solutions that will drive a transition to a low-carbon, climate resilient economy. We seek to limit our net exposure to the more acute and chronic physical risks that will occur in the event the Paris Agreement target is not met. We actively avoid material exposure to climate litigation risks."

12. Capital structure

The Company maintains an efficient capital structure from equity shareholder's funds, consistent with the Company's overall risk profile and the regulatory and market requirements of the business. This note describes the way the Company manages capital and shows where this is employed.

(a) General

IFRS underpins the Company's capital structure and, accordingly, the capital structure is analysed on this basis.

(b) Capital management

In managing its capital, the Company seeks to:

(i) maintain financial strength;
(ii) retain financial flexibility by maintaining strong liquidity; and
(iii) allocate capital efficiently to support growth and repatriate excess capital where appropriate.

The Company considers not only the traditional sources of capital funding, but alternative sources of capital as appropriate, when assessing its deployment and usage of capital.

(c) Capital structure

	IFRS net assets 2024 £000	Restated IFRS net assets 2023 £000
Provision of instalment credit in respect of insurance premiums	4,455	2,389
Total capital employed	4,455	2,389
Financed by		
Total equity	4,455	2,389

Notes to the financial statements (continued)

13. Related party transactions

(a) Related party transactions

Related party transactions in 2024 and 2023 are in respect of instalment credit provided by the Company on insurance premiums underwritten by Aviva Insurance Limited, the Parent Company.

(i) Services provided by related parties

	2024		2023	
	Expense incurred in year	Payable at year end	Expense incurred in year	Payable at year end
	£000	£000	£000	£000
Parent Company	-	45,218	-	35,091

Payables relate to the premiums underwritten by Aviva Insurance Limited, the Parent Company, and transferred to, and managed by the Company on its behalf. They are not secured and will be settled in accordance with normal contract terms.

The Company's immediate Parent Company, Aviva Insurance Limited, provides broader business and administrative services to the Company for which it does not seek recharges, including management services, the services of the directors, compensation for receivables not collected, and administration services including property, people and IT costs.

(ii) Key management compensation

The key management of the Company are considered to be the statutory directors of the Company. Note 2, Directors' remuneration, gives information of their compensation as directors of the Company.

(b) Immediate parent company

The Company's immediate Parent Company is Aviva Insurance Limited, registered in Scotland.

(c) Ultimate controlling entity

The ultimate controlling entity, and parent of the largest and smallest groups which consolidate the results of the Company, is Aviva plc. Group 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.

14. Subsequent events

Management has evaluated subsequent events for the period from 31 December 2024 to the approval date of these financial statements and there have been no material subsequent events during that period.

15. Prior year adjustment

(a) Income statement

During the year ended 31 December 2024, the Company identified that there had been overcharges made on historic policies. Since the year end, the Company has quantified the effect of these overcharges and the remediation to be repaid. Remediation has since been repaid during the next financial year. The Company has reviewed the reporting year in which the affected policies arose. For policies beginning in the year ended 31 December 2023, an accrual and reduction to revenue has been recognised equal to the remediation payable. The restated comparative income statement has been updated accordingly.

Notes to the financial statements (continued)

15. Restatement of comparatives (continued)

(a) Income statement (continued)

(i) The impact of the restatement on the comparative income statement is as follows:

Income statement: 31 December 2023	As previously reported £000	Adjustment £000	As restated £000
Revenue	1,535	(53)	1,482
Profit for the year before tax	1,535	(53)	1,482
Tax	-	-	-
Profit for the year after tax	1,535	(53)	1,482

(b) Statement of financial position

As stated in section (a) above, the Company has recognised an accrual for the remediation payable on policies arising during the year ended 31 December 2023. For remediation payable on policies arising before the year ended 31 December 2023, the Company has recognised an adjustment to retained earnings.

(i) The impact of the restatement on the comparative statement of financial position is as follows:

Statement of financial position: 31 December 2023	As previously reported £000	Adjustment £000	As restated £000
ASSETS			
Current assets			
Receivables	36,578	-	36,578
Cash and cash equivalents	2,420	-	2,420
	38,998	-	38,998
Current liabilities			
Trade and other payables	(36,180)	(429)	(36,609)
	(36,180)	(429)	(36,609)
Net current assets	2,818	(429)	2,389
Net assets	**2,818**	**(429)**	**2,389**
EQUITY			
Ordinary share capital	25	-	25
Retained earnings	2,793	(429)	2,364
Total equity	**2,818**	**(429)**	**2,389**

Notes to the financial statements (continued)

15. Restatement of comparatives (continued)

(b) Statement of financial position (continued)

(ii) The impact of the restatement on the comparative trade and other payables note (note 7) is as follows:

Trade and other payables: 31 December 2023	As previously reported £000	Adjustment £000	As restated £000
Amounts due to related parties (note 13(a)(i))	35,091	-	35,091
Accruals	-	429	429
Bank overdrafts	-	-	-
Other financial liabilities	1,089	-	1,089
Total as at 31 December	**36,180**	**429**	**36,609**
Expected to be settled within one year	36,180	429	36,609