SOLUS (LONDON) LIMITED

Registered in England and Wales: No. 03078842

ANNUAL REPORT AND FINANCIAL STATEMENTS 2024

Solus (London) Limited

Contents

Solus (London) Limited

Directors and Officers

Directors:

R Brown
S Bridger
K Chilvers
F Conway
J Lyons
P Reilly
J Santer
S Smith

Officer - Company Secretary:

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

Independent auditors:

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Registered office:

8 Surrey Street
Norwich
Norfolk
NR1 3NG

Company number:

Registered in England and Wales: No. 03078842

Other information:

Solus (London) Limited ("the Company") is a member of the Aviva plc group of companies ("the Group").

Solus (London) Limited

Registered in England and Wales: No. 03078842

Strategic report

For the year ended 31 December 2024

The directors present their Strategic report and the audited financial statements 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 consists of 23 Accident Repair Centres, facilitating repairs for insurance and retail customers.

Significant events

Following the opening of a new repair centre in Newport in 2023, the Company opened new repair centres in Sheffield and Washington (Sunderland). The Company's outdated Luton site was closed and the work moved to a new, larger, repair centre in Dunstable. A significant number of the Company's employees from Luton, together with several of those who previously worked at the Hitchin site which closed in 2023, moved to the new location. The Company also acquired and fitted out a new repair centre in Exeter which opened in March 2025.

All the new repair centres have been designed and built to be as sustainable as possible and support the carbon commitment to move to Net Zero of Aviva plc, the Company's ultimate parent company. As part of this commitment, in addition to the use of solar, the Exeter site will be the Company's first repair centre to operate with no gas supply.

Future Outlook

The directors consider that the Company's principal activity will continue unchanged into the foreseeable future.

The company has opened a number of sites in new locations to significantly increase its repair coverage of the UK. The opening of the Exeter site in Q1 2025 will complete the company's current expansion project unless any new areas are subsequently identified. The future outlook for the company is to ensure its site portfolio is ready to repair the cars of the future and meet the parent company's sustainability goals.

Financial position and performance

The financial position of the Company at 31 December 2024 is shown in the Statement of financial position on page 23, with the results shown in the Income statement on page 21 and the Statement of cash flows on page 24.

Profit before tax increased to £35,297 thousand (2023: £22,654 thousand) and gross profit as a percentage of revenue increased to 52% (2023: 51%). In December 2024 an interim dividend of £15,000 thousand (2023: £15,000 thousand) was declared.

Management continues to negotiate fees for services provided on a regular basis, acknowledging the impact of inflation and other macroeconomic conditions on the business.

The Company's net assets have increased by £11,430 thousand (2023: increased by £2,358 thousand), primarily reflecting profit for the year after tax less dividend.

Section 172(1) Statement

The directors report here on how they have discharged their duties under Section 172 (1) (s.172 (1)) of the Companies Act 2006.

s.172 (1) sets out the matters to which the directors must have regard in performing their duty to promote the success of the Company for the benefit of its shareholders, which includes having regard to other stakeholders. Where this statement draws upon information contained in other sections of the Strategic report, this is signposted accordingly.

The 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 the directors' obligations to its shareholders, customers and other stakeholders are met. The Board monitors adherence to the Aviva Group business standards and compliance with local corporate governance requirements and is committed to acting if the business should fall short of the standards expected.

The Board is also focused on the wider social context within which the Company operates, including on those issues which relate to climate change and sustainability and which are of fundamental importance to the planet's well-being.

The Company's culture

As the facilitator of accident repair services for insurance and retail customers, the Company looks to replicate the culture of its parent company, Aviva Insurance Limited ("AIL"), in seeking to earn its customers' trust by acting with integrity and a deep sense of responsibility at all times. The Company looks to build relationships with its stakeholders based on openness and continuing dialogues.

The Solus culture is shaped in conjunction with AIL and its ultimate shareholder, Aviva plc, by jointly held and clearly defined values to help ensure it does the right thing. Solus values diversity and inclusivity in its workforce and beyond. Solus has worked hard on gender balance and the senior leadership team is now 50% female. The commitment Aviva Group makes to each customer extends to all shareholders; that we are 'with you today for a better tomorrow.' Throughout the Solus business, the people live by core values for its customers, for each other and for the communities they serve and the commitment to getting customers back to normal.

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.

The Board approved the payment of an interim ordinary dividend of £15,000 thousand to Aviva Insurance Limited, £10,000 thousand of which was paid by intercompany transfer and £5,000 thousand of which was paid in cash. The directors considered all relevant matters set out under the Companies Act 2006 concerning the payment of dividends, including reviewing the Company's distributable reserves and its ability to pay its debts as they fall due, having regard to the entirety of the Company's business and its actual and contingent liabilities.

Following the opening of a state-of-the-art body shop in Newport South Wales in 2023, Solus opened three further high-specification sites in Dunstable, Sheffield and Washington (Sunderland) in 2024 and began work on a site in Exeter which opened in March 2025. All of these sites link in with Solus and AIL's wider sustainability ambitions as well as ensuring the Company can repair the cars of today and tomorrow.

Stakeholder Engagement - the table below sets out the Board’s approach to stakeholder engagement during 2024:

<table>
<tr><td colspan="2">Our people

Our people's wellbeing and commitment to serving our customers are the foundations for our performance</td></tr>
<tr><td>How we have engaged

• The Company employs around 1100 people across 23 UK-wide sites. Staff policies align to Aviva Group policies where applicable, with focus on the health and safety of all people.
• The Company continued its commitment to recruiting, training and retaining the best talent it can find.
• The Company’s Board and senior leaders attended site visits, meeting with a diverse range of colleagues to hear about what matters most to the Company’s people and to ensure this is considered when discussing the Company’s strategic priorities.
• The Board reviewed reports on the whistleblowing service (Speak Up).
• The Board monitored culture and engagement through reviewing the outcomes of the Voice of Solus survey, the Company’s employee engagement survey.</td><td>Outcomes and actions during the year

• The Aviva Group updated the Diversity, Equity and Inclusion Statement to reflect its commitment to diversity and inclusion initiatives.
• The Voice of Solus 2024 survey engagement was the highest it has ever been at 86% (+13 vs 2023).
• The Company introduced its “Supporting Our Carers” Policy and Carer Hub to guide leaders in supporting carers on their teams.
• The Company continued its commitment to investing in people and culture, through continued enhancement of employee rewards and benefits, and the delivery and communication of initiatives to promote employee awareness around health, and income protection.
• The provision of early career opportunities through the ‘Leading for Growth’ apprenticeship programme and the introduction of a work experience scheme.
• The Company continued to make positive progress in reshaping perceptions of the repair industry and was recognised through multiple external industry awards.</td></tr>
<tr><td colspan="2">Customer

Understanding what's important to our customers is key to our long-term success</td></tr>
<tr><td>How we have engaged

• The Board received regular reports on customer experience, customer service levels, and customer related strategic initiatives.
• The Board engaged with colleagues working directly with customers through visits to the Company’s sites and meeting with customer facing colleagues to better understand their roles and the challenges that they face.</td><td>Outcomes and actions during the year

• The Board closely monitored customer metrics and engaged with the leadership team to understand issues if performance did not meet customers’ expectations. 2024 saw the best customer outcomes with over 38,600 customers back to normal in 2024.
• The Board also tracked customer satisfaction closely, noting a 4.6-star rating for customer service in 2024, reflecting continued focus on delivering positive outcomes and high-quality support.
• The Board continued to monitor IT performance to ensure consistent services for our customers.
• The Company maintained measures to support customers who are experiencing financial hardship.</td></tr>
</table>

Shareholders **The Company is a wholly owned subsidiary of AIL.**	
How we have engaged • The Company's shareholder and direct parent company is AIL. Any matters requiring escalation are escalated by the Board through the Chair to AIL.	*Outcomes and actions during the year* • The Board continued to ensure that AIL understood Solus' strategy and business model.
Regulators **Solus is not a regulated Company**	
• The Aviva Group is subject to financial services regulations and approvals in all the markets that it operates in.	
Communities and the environment **We recognise the importance of contributing to our communities through volunteering, community investment, and long term partnerships**	
How we have engaged • The Board continued to focus and monitor progress on initiatives that it believes will have a positive impact on the communities in which Solus operates. This included various initiatives with partnership with UniFrog, 30% Automotive club, Autoraise, Thatcham, Vizion and other industry and government bodies to help drive change and diversity in the industry to increase the talent pool in the motor repair industry. • Sustainability training was provided for the Board.	*Outcomes and actions during the year* • Employees across the Group were offered the opportunity to volunteer their time to support charities and organisations. • During the year, Solus engaged in a range of charitable activities, including providing funding to the David Lewis Centre and Cancer Research. Additionally, the Company organised a tree planting day as part of its environmental initiatives.

Suppliers **The Company operates in conjunction with a wide range of suppliers to deliver services to our customers. It is important that we build strong working relationships with our intermediaries.**	
How we have engaged • The Company maintains oversight of the management of its most important suppliers and reviews reports on their performance. • The Board normally delegates engagement with suppliers and oversight to the Company's senior management. • The Company maintained oversight of risks across the whole supply chain. • The Board reviewed the Company's engagement with its broader supply chain as part of its annual approval of the Modern Slavery Act Statement.	*Outcomes and actions during the year* • The Board reviews the actions the Group has taken to prevent modern slavery and associated practices in any part of our supply chain and approve the Aviva Group Modern Slavery Act statement each year. • To ensure continued efforts to strengthen controls, the procurement and outsourcing business standard was refreshed for 2024. • Aviva continued to hold its Net Zero supplier summit. • Aviva remains a signatory to the Prompt Payment Code.

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.

The Company is well positioned to compete in its key markets by leveraging the power of Aviva's breadth of offering within the UK to deliver compelling propositions to meet our customer needs, alongside driving digitisation through customer services, propositions and ensuring we are easy for customers to do business with, however they chose

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 20 to the financial statements.

Solus (London) Limited

Registered in England and Wales: No. 03078842

Strategic report

For the year ended 31 December 2024 (continued)

Key performance indicators ("KPIs")

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

	2024	2023
Gross profit as a percentage of revenue	52%	51%
Operating profit as a percentage of revenue	21%	15%

By order of the Board on 7 August 2025

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E A Field

For and on behalf of Solus (London) Limited
Company Secretary

Solus (London) Limited

Registered in England and Wales: No. 03078842

Directors' report

For the year ended 31 December 2024

Directors

A Adams resigned as a director of the Company on 3 May 2024.

J Sturman resigned as a director of the Company on 31 July 2024.

R Brown was appointed as a director of the Company on 14 October 2024.

F Conway was appointed as a director of the Company on 14 October 2024.

J Lyons was appointed as a director of the Company on 14 October 2024.

K Chilvers was appointed as a director of the Company on 4 February 2025.

W Malik resigned as a director of the Company on 25 April 2025.

S Bridger was appointed as a director of the Company on 23 June 2025.

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

P Reilly

J Santer

S Smith

Company Secretary

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

Dividends

An interim dividend of £15,000 thousand was declared in 2024 (2023: £15,000 thousand). The directors do not recommend the payment of a final dividend (2023: £nil).

Going concern

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

The Company continues to make profits and has strong balance sheet liquidity. The Company derives the majority of its work from its parent company, Aviva Insurance Limited. The directors foresee no change in the relationship between the Company and its parent in the foreseeable future and consequently anticipate the Company continuing to trade profitably.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue i noperational existence for a period of twelve months (to 7 August 2026) from the date of approval of the financial statements.

Future outlook

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

Political and charitable donations

Company did not make any political donations during the year (2023: £nil). The Company made charitable donations totalling £51 thousand (£2023: £28 thousand).

Supplier payment policy

The directors are responsible for ensuring that the Company is compliant with the Prompt Payment of Accounts Act 1997, as amended by the European Communities (Late Payment in Commercial Transactions) Regulations 2002. It is the policy of the Company to pay for goods and services on presentation of an invoice by the supplier. Statements from suppliers showing amounts outstanding in excess of 30 days are immediately investigated and resolved as soon as possible.

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, policies and exposures to risk relating to financial instruments are set out in note 20 to the financial statements.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through the Company's intranet and its colleague forum.

The Group ensures that involvement for employees in its performance is encouraged by allowing eligible employees to participate in the Group's Save As You Earn Plan.

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 Company'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 agreed the reappointment of EY at the Annual General Meeting held on 30 April 2025. Ernst & Young LLP have accordingly been reappointed as auditor of the Company.

Disclosure of information to the auditors

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

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 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, 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, 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.

Directors' report (continued)

In preparing these 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;
- 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 inappropriate 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 7 August 2025

DocuSigned by:

E. Field

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E A Field

For and on behalf of Solus (London) Limited
Company Secretary

Solus (London) Limited

Registered in England and Wales: No. 03078842

Independent auditors' report to the members of Solus (London) Limited

Report on the audit of financial statements

Opinion

We have audited the financial statements of Solus (London) Limited 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 25, 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 to 7 August 2026.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 Solus (London) 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 and 10, 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 Solus (London) 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 Solus (London) Limited is complying with those frameworks by making enquiries of management, internal audit 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 investors and 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 the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this 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
7 August 2025

Solus (London) Limited

Registered in England and Wales: No. 03078842

Accounting policies

The Company (registered in England and Wales no. 03078842) is a private limited liability company, limited by shares, incorporated and domiciled in the United Kingdom ("UK"). The address of the Company's registered office is included on page 1.

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 other comprehensive income.

The financial statements have been prepared on the going concern basis as explained in the Directors' report on page 8.

The Company's financial statements are stated in pounds sterling, which is the Company's functional and presentational currency.

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

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

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

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

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

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

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

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

In April 2024, the IASB published IFRS 18, which aims to improve how companies communicate in their financial statements by:

- requiring additional defined sub-totals in the statement of profit or loss;
- requiring disclosures about management-defined performance measures; and
- adding new principles for grouping of information.

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

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

Accounting policies (continued)

(A) Basis of preparation (continued)

(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.

Re-statement of Comparatives

The Company's comparatives for the year ended 31 December 2023 have been restated for the following items, see note 25 for full details and impacts of the restatement:

(a) Property and equipment no longer in use that was disposed of in a prior period was incorrectly included in the opening cost and accumulated depreciation. The net book value of this property and equipment was £nil at point of disposal. This has no impact on the Statement of financial position or Income statement of the Company;

(b) Prepayments and accrued income had been incorrectly presented within trade and other receivables and has now been reclassified to prepayments and accrued income on the Statement of financial position;

(c) The Company's financial exposure by credit rating for trade and other receivables from related parties had been incorrectly reported as A in the prior year. The correct credit rating was AA-;

(d) Prepayments and accrued income relating to the parent company, as well as certain recharges, were incorrectly not identified as a related party transactions;

(e) The reconcilation of profit before tax to the net cash flow from operating activities had incorrectly not disclosed separately non-cash movements in the dilapidation provision during the year from changes in working capital.

(B) Critical accounting policies and 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.

(a) With regard to fair value of owner-occupied property, a range of valuation techniques are used. These include models using both observable and unobservable market inputs. 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.

(b) With regard to measurement of the dilapidation provision, this is based on estimates of repair and restoration costs at a future date and therefore a degree of uncertainly exists over the future outflows, given that these are subject to repair and restoration cost price fluctuations and the extent of the repairs to be completed.

Accounting policies (continued)

(C) Revenue Recognition

Revenue comprises the sale of services to customers during the year in relation to vehicle repair services, net of value added tax, rebates and discounts.

Revenue is recognised as follows:

(a) Sales of services

Sales of repair services are recognised in the financial year in which the services are completed, when payment is due and control is transferred back to the customer.

(b) Other repair related income

Other income comprises sales commission and irrecoverable VAT recharges.

For each revenue stream, income is recognised in the accounting period at the point of completion of the service when the performance obligation has been satisfied and at the transaction price negotiated with the customer. Timing of satisfaction of the performance obligation relates to the typical timing of payment from the customer.

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) Cost of sales

Cost of sales represent directly attributable costs incurred in the provision of the Company's services. Costs are recognised on an accruals basis.

(E) Administrative expenses

Administrative expenses, comprising general overheads and staff costs other than those included in cost of sales, are recognised on an accruals basis.

(F) Property and equipment

Owner-occupied properties are carried at their revalued amounts, which are supported by market evidence, and movements are taken to a separate reserve within equity, with the exception of impairments and impairment reversals which are recognised directly in the Income statement. When such properties are sold, the accumulated revaluation surpluses are transferred from this reserve to retained earnings. All other items classed as property and equipment within the Statement of financial position are carried at historical cost less accumulated depreciation.

Depreciation is calculated using the straight-line method to write down the cost of assets to their residual values over their estimated useful lives as follows:

Short leasehold improvements	lesser of 10 years or over the term of the lease
Motor vehicles	4 years
Fixtures, fittings and equipment	4 to 10 years
Plant and machinery	3 to 10 years
Owner occupied properties	10 years

Right of use assets are depreciated using the straight line method over the shorter of the lease term and the estimated useful lives of the assets as follows:

Right of use properties	5 to 15 years
Motor vehicles and other equipment	3 to 5 years

The amount of depreciation is recognised in the Income statement within Administrative expenses.

The assets’ residual values, useful lives and method of depreciation are reviewed regularly, and at least at each financial year end, and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount.

Accounting policies (continued)

(F) Property and Equipment (continued)
Borrowing costs directly attributable to the acquisition and construction of property and equipment are capitalised. All repairs and maintenance costs are charged to the Income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing asset will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated over the remaining useful life of the related asset.

(G) Impairment of non-financial assets
Property and equipment and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(H) 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 discharged, cancelled or expires.

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

(I) Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work in progress comprises raw materials, direct labour and other direct costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business.

A provision is made against inventories which are obsolete or surplus to requirements.

(J) Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses. The 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 adjusted for forward-looking information, 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. The amount of the provision is recognised in the Income statement within administrative expenses.

Accounting policies (continued)

(K) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks 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.

(L) Leases

Where the Company is the lessee, a lease liability equal to the present value of outstanding lease payments and a corresponding right-of use asset equal to cost are initially recognised. The right-of-use asset is subsequently measured at amortised cost and depreciated on a straight-line basis over the length of the lease term. Depreciation on lease assets is recognised in the Income statement within Administrative expenses. Interest on lease liabilities is recognised in the Income statement within Finance costs.

The Company has made use of the election available under IFRS 16 to not recognise any amounts on the Statement of financial position associated with leases that are either deemed to be short term, or where the underlying asset is of low value. A short-term lease in this context is defined as any arrangement which has a lease term of 12 months or less. Lease payments associated with such arrangements are recognised in the Income statement as an expense on a straight-line basis. Where the Company is the lessor, leases are classified as finance leases if the risks and rewards of ownership are substantially transferred to the lessee and operating leases if they are not substantially transferred. Lease income from operating leases is recognised in the Income statement on a straight-line basis over the lease term. When assets are subject to finance leases, the present value of the lease payments, together with any unguaranteed residual value, is recognised as a receivable. The Company has not entered into any material finance lease arrangements as lessor.

(M) 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.

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

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where there is a history of tax losses, deferred tax assets are only recognised in excess of deferred tax liabilities if there is convincing evidence that future profits will be available.

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

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

Current and deferred tax relating to items recognised in other comprehensive income and directly in equity are similarly recognised in other comprehensive income and directly in equity respectively, except for the tax consequences of distributions from certain equity instruments, to be recognised in the Income statement.

Deferred tax related to any fair value re-measurement of investments, held at fair value through other comprehensive income, owner-occupied properties, pensions and other post-retirement obligations and other amounts charged or credited directly to other comprehensive income is recognised in the Statement of financial position as a deferred tax asset or liability.

Accounting policies (continued)

(N) Trade and other payables and other liabilities
Trade and other payables and other liabilities are recognised initially at their fair value and are subsequently measured at amortised cost using the effective interest rate method.

(O) Employee benefits

Annual leave and long-service leave
Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the Statement of financial position date.

Pension obligations
The Company makes contributions to a defined contribution pension plan, the assets of the scheme being held separately from the assets of the Company. The Company contributions are charged to the Income statement in the year to which they relate and are included within Administrative expenses. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of financial position.

(P) Provisions and contingent liabilities
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where the Company expects a provision to be reimbursed, for example for environmental restoration, restructuring costs and legal claims, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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

(Q) Dilapidations
Provisions for building dilapidations are recognised when the Company has a legal obligation to make good rented properties at the end of the lease term, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the end of the reporting period.

(R) 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 will not be settled by delivery of a variable number of shares or is a derivative that can be settled other than for a fixed amount of cash, shares or other financial assets.

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.

Accounting policies (continued)

(S) Fair value measurement

Fair value is the price that would be received when an asset is sold or paid to transfer a liability in an orderly transaction between marked 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. Fair value may include assumptions about climate risks.

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.

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.

(T) 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 and 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). The Company measures financial assets 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 resulting from the Company's management of capital on a regulatory basis. A financial asset is classified at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows that are SPPI on the principal amount outstanding.

On initial recognition, the Company may irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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.

Solus (London) Limited

Registered in England and Wales: No. 03078842

Income statement

For the year ended 31 December 2024

	Note	2024	2023
		£000	**£000**
Revenue	1	172,106	151,876
Cost of sales		(82,171)	(74,892)
Gross profit		89,935	76,984
Administrative expenses	2	(54,427)	(54,290)
Operating profit		35,508	22,694
Finance costs		(930)	(396)
Finance income		719	356
Profit before tax		35,297	22,654
Taxation	6	(8,867)	(5,296)
Profit for the year		26,430	17,358

The Company has no recognised income and expense other than those included in the results above and therefore a Statement of comprehensive income has not been presented.

The accounting policies on pages 14 to 20 and notes on pages 25 to 46 are an integral part of these financial statements.

Solus (London) Limited

Registered in England and Wales: No. 03078842

Statement of changes in equity

For the year ended 31 December 2024

	Note	Ordinary share capital £000	Share premium £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2023		1	300	1,110	29,453	30,864
Profit for the year		-	-	-	17,358	17,358
Dividend declared	7	-	-	-	(15,000)	(15,000)
Total movement in the year		-	-	-	2,358	2,358
Balance at 31 December 2023		1	300	1,110	31,811	33,222
Balance at 1 January 2024		1	300	1,110	31,811	33,222
Profit for the year		-	-	-	26,430	26,430
Dividend declared	7	-	-	-	(15,000)	(15,000)
Total movement in the year		-	-	-	11,430	11,430
Balance at 31 December 2024		1	300	1,110	43,241	44,652

The accounting policies on pages 14 to 20 and notes on pages 25 to 46 are an integral part of these financial statements.

Solus (London) Limited

Registered in England and Wales: No. 03078842

Statement of financial position

As at 31 December 2024

	Note	2024	Re-stated 2023*
		£000	£000
ASSETS			
Non-current assets			
Property and equipment	8	54,348	27,113
		54,348	27,113
Current assets			
Inventories	10	2,749	2,596
Trade and other receivables	11	10,952	8,584
Prepayments and accrued income	12	8,123	13,578
Cash and cash equivalents	19(b)	47,743	31,682
		69,567	56,440
LIABILITIES			
Current liabilities			
Trade and other payables	14	8,117	4,999
Tax liability	13(a)	5,712	7,284
Other liabilities	15	16,991	16,585
		30,820	28,868
Net current assets		38,747	27,572
Non-current liabilities			
Other liabilities	15	34,246	13,791
Tax liability	13(a)	6,938	4,988
Deferred tax liability	13(b)	1,859	653
Dilapidations	16	5,400	2,031
		48,443	21,463
Net assets		44,652	33,222
EQUITY			
Ordinary share capital	17	1	1
Share premium	18	300	300
Revaluation reserve	18	1,110	1,110
Retained earnings		43,241	31,811
Total equity		44,652	33,222

* See note 25 for details of the 2023 comparatives re-statement.

The accounting policies on pages 14 to 20 and notes on pages 25 to 46 are an integral part of these financial statements.

The financial statements were approved and signed on behalf of the Board of Directors on 7 August 2025 by

DocuSigned by:

Simon Smith

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S Smith
Director

Solus (London) Limited

Registered in England and Wales: No. 03078842

Statement of cash flows

For the year ended 31 December 2024

	Note	2024	2023*
		£000	£000
Cash flows from operating activities**			
Cash generated from operating activities	19(a)	44,198	27,304
Tax paid		(7,282)	(4,467)
Net cash generated from operating activities		36,916	22,837
Cash flows from investing activities			
Purchases of property and equipment	8	(9,083)	(2,778)
Disposals of fixed assets		-	454
Net cash used in investing activities		(9,083)	(2,324)
Cash flows from financing activities			
Interim dividend paid	7	(5,000)	-
Lease liability payments	19(c)	(6,772)	(5,631)
Net cash used in financing activities		(11,772)	(5,631)
Net increase in cash and cash equivalents		16,061	14,882
Cash and cash equivalents at 1 January		31,682	16,800
Cash and cash equivalents at 31 December	19(b)	47,743	31,682

* The presentation of cash flows used in operating activities has been changed in the current period to separately disclose the amount of income tax paid. Whilst we note that the disclosures made in the prior year were not factually incorrect nor misleading, we are satisfied that this change made in the current year provides more useful information to the users of the financial statements and therefore deem the change to be appropriate. Given that this was not incorrect in the prior year, we do not consider this to be a prior year misstatement.

** Cash flows from operating activities include interest received on cash and cash equivalents of £719 thousand (2023: £356 thousand).

The accounting policies on pages 14 to 20 and notes on pages 25 to 46 are an integral part of these financial statements.

Solus (London) Limited

Notes to the financial statements

1. Revenue

Revenue comprises the following:

	2024	2023*
	£000	£000
Sale of services	161,580	143,514
Other repair related income	10,526	8,362
Total revenue	172,106	151,876

* The presentation of categories of revenue have been changed in the current period to better depict the nature, timing and uncertainty of revenue. Whilst we note that the disclosures made in the prior year were not factually incorrect nor misleading, we are satisfied that the change in the current year provides more useful information to the users of the financial statements and therefore deem the change to be appropriate. Given that this was not incorrect in the prior year, we do not consider this to be a prior year misstatement.

2. Administrative expenses

The following items have been included in arriving at profit before tax:

	2024	2023
	£000	£000
Payroll related costs	28,020	25,285
Depreciation of property and equipment		
- Owned assets	2,583	2,214
- Leased assets	6,111	4,921
Repairs and maintenance of property and equipment	1,890	1,853
Rent, rates and other building related costs	5,539	4,818
Movement in dilapidations provision	3,370	2,031
Legal, professional and other office costs	3,369	3,399
Growth accrual movement	(1,215)	2,200
Irrecoverable VAT	2,785	2,194
Other costs	1,975	5,375
Total administrative expenses	54,427	54,290

Notes to the financial statements (continued)

3. Employee information

The monthly average number of persons employed by the Company during the year was:

	2024	2023
	Number	**Number**
Operations	463	426
Administration	549	509
	1,012	935

Total staff costs were:

	2024	2023
	£000	**£000**
Wages and salaries	46,494	40,631
Social security costs	4,520	4,098
Termination benefits	-	327
Defined contribution schemes	1,642	1,488
	52,656	46,544

These costs were charged within:	2024	2023
	£000	**£000**
Administrative expenses	27,413	24,784
Cost of sales	25,243	21,760
	52,656	46,544

Notes to the financial statements (continued)

4. Directors

With the exception of one director, whose remuneration incurred by the Company is given below, all directors of the Company 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.

	2024	**2023**
	£000	**£000**
Highest paid director		
Aggregate emoluments	264	212
	264	212

During the year, one of the directors exercised share options (2023: three) and five of the directors were granted shares under long term incentive schemes (2023: seven) in relation to shares of the Company's ultimate parent, Aviva plc. Details may be found in the annual report and financial statements of Aviva plc.

5. Auditor's 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	**2023**
	£000	**£000**
Fees payable to the Company’s auditors for the audit of the Company’s financial statements	29	25

There were no ‘Other services’ provided to the Company by the Company’s auditors, Ernst & Young LLP.

Audit fees are paid by Aviva Central Services UK Limited, a fellow Group company, and recharged as appropriate to the Company and fellow Group companies.

Notes to the financial statements (continued)

6. Taxation

(a) Tax charged to the Income statement

(i) The total tax charge comprises:

	2024	2023
	£000	£000
Current tax:		
For the year	6,938	4,988
Prior period adjustments	723	(137)
Total current tax	7,661	4,851
Deferred tax:		
Origination and reversal of temporary differences	1,206	445
Total deferred tax	1,206	445
Total tax charged to Income statement	8,867	5,296

(ii) Deferred tax charged to the Income statement represents movements on the following items:

	2024	2023
	£000	£000
Provisions and other temporary differences	(337)	69
Pensions and other post retirement obligations	28	(9)
Accelerated capital allowances	1,515	385
Total deferred tax charged to Income statement	1,206	445

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

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

Solus (London) Limited

Notes to the financial statements (continued)

6. Taxation (continued)

(c) 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	2023
	£000	£000
Profit before tax	35,297	22,654
Tax calculated at standard UK corporation tax rate of 25% (2023: 23.5%)	8,824	5,324
Adjustments in respect of prior years	(76)	(143)
Disallowable expenses	119	88
Movement in valuation of deferred tax	-	27
Tax charged to the Income statement (note 6(a))	8,867	5,296

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.

7. Dividends

	2024	2023
	£000	£000
Interim dividend - £15,000 per share paid in December 2023		15,000
Interim dividend - £15,000 per share paid in December 2024	15,000	

An interim ordinary dividend of £15,000 thousand was paid and charged to equity in December 2023, being settled by means of an intercompany transfer.

An interim ordinary dividend of £15,000 thousand was paid and charged to equity in December 2024, of which £10,000 thousand was settled by means of an intercompany transfer and of which £5,000 thousand was paid in cash.

In accordance with accounting policy R all interim ordinary dividends settled during 2024 are recognised in the 2024 accounting period.

Solus (London) Limited

Notes to the financial statements (continued)

8. Property and equipment

	Owner-occupied properties	Short leasehold improvements	Motor vehicles	Fixtures, fittings and equipment	Plant and machinery	Right of Use Costs	Total
	£000	£000	£000	£000	£000	£000	£000
2024							
Cost or valuation							
At 1 January 2024	2,840	876	205	7,173	9,120	29,362	49,576
Additions	-	974	70	4,650	3,389	27,611	36,694
Disposals	-	(136)	(0)	(327)	(510)	(7,328)	(8,301)
At 31 December 2024	2,840	1,714	275	11,496	11,999	49,645	77,969
Accumulated depreciation							
At 1 January 2024	261	434	130	3,934	6,024	11,680	22,463
Charge for the year	261	115	34	1,180	993	6,111	8,694
Disposals	-	(125)	(0)	(211)	(365)	(6,835)	(7,536)
At 31 December 2024	522	424	164	4,903	6,652	10,956	23,621
Carrying amount							
At 31 December 2024	2,318	1,290	111	6,593	5,347	38,689	54,348
2023 re-stated*							
Cost or valuation							
At 1 January 2023	3,350	812	147	5,776	8,727	23,071	41,883
Additions	-	160	58	1,590	970	8,708	11,486
Revaluation	(510)	-	-	-	-	-	(510)
Disposals	-	(96)	-	(193)	(577)	(2,417)	(3,283)
At 31 December 2023	2,840	876	205	7,173	9,120	29,362	49,576
Accumulated depreciation							
At 1 January 2023	510	451	113	3,161	5,626	8,806	18,667
Charge for the year	261	79	17	956	901	4,921	7,135
Revaluation	(510)	-	-	-	-	-	(510)
Disposals	-	(96)	-	(183)	(503)	(2,047)	(2,829)
Impairment	-	-	-	-	-	-	-
At 31 December 2023	261	434	130	3,934	6,024	11,680	22,463
At 31 December 2023	2,579	442	75	3,239	3,096	17,682	27,113

* See note 25 for details of the 2023 comparatives re-statement.

Owner-occupied properties are long leasehold land and buildings, which management last revalued using an external independent valuer on an existing use basis as at 31 December 2022.

These valuations are assessed in accordance with the relevant parts of the current Royal Institute of Charted Surveyors Appraisal and Valuation Standards in the UK, and with current local valuation practices in other countries. This assessment is in accordance with UK Valuations Standards ("Red book") and is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, on the basis of the highest and best use of the asset that is physically possible, legally permissible and financial feasible. The valuation assessment adopts market-based evidence and is in line with guidance from the International Valuation Standards Committee and the requirements of IAS 16, Property, Plant and Equipment.

Solus (London) Limited

Notes to the financial statements (continued)

9. Right of use assets and lease liabilities

The Company's leased assets primarily consist of properties occupied by the Company (see note 8).

Although the Company is exposed to changes in the residual value at the end of the current leases, it typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

(i) Total interest expense presented as finance cost in the Income statement in respect of lease liabilities is £930 thousand (2023: £396 thousand). Total cash outflows recognised in the year in relation to leases were £6,772 thousand (2023: £5,631 thousand). Variable lease payments not included in the measurement of lease liabilities were £nil (2023: £nil).

Expenses recognised in the Company's Income statement in relation to short-term and low-value leases were £nil (2023: £nil).

(ii) The following table analyses the right of use assets relating to leased properties occupied by the Company as well as other leased assets:

	Property	**Vehicles**	**Total**
2024	**£000**	**£000**	**£000**
Balance at 1 January 2024	**14,700**	**2,982**	**17,682**
Additions	25,110	2,501	27,611
Disposals	(5,344)	(1,983)	(7,327)
Depreciation on Disposals	5,231	1,604	6,835
Depreciation	(4,109)	(2,002)	(6,111)
Balance at 31 December 2024	35,588	3,102	38,690

	Property	**Vehicles**	**Total**
2023	**£000**	**£000**	**£000**
Balance at 1 January 2023	**11,760**	**2,505**	**14,265**
Additions	6,741	1,967	8,708
Disposals	(1,484)	(933)	(2,417)
Depreciation on Disposals	1,114	933	2,047
Depreciation	(3,431)	(1,490)	(4,921)
Balance at 31 December 2023	14,700	2,982	17,682

(iii) Future contractual aggregate minimum lease payments are as follows:

	2024	**2023**
	£000	**£000**
Within one year	6,361	5,048
Later than one year and not later than 5 years	17,844	9,394
Later than 5 years	16,403	4,397
Total at 31 December	40,608	18,839

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of use asset.

Notes to the financial statements (continued)

10. Inventories

	2024	2023
	£000	£000
Raw materials	375	419
Work in progress	2,374	2,177
	2,749	2,596

The cost of inventories recognised as expense and included in ‘cost of sales’ in the Income statement for the year amounted to £40,068 thousand (2023: £39,593 thousand). There is no impairment to cost recognised in the year to inventories.

11. Trade and other receivables

	2024	Re-stated 2023*
	£000	£000
Trade and other receivables		
Related parties (note 23(a)(i))	10,832	8,556
Third parties	120	28
	10,952	8,584
Expected to be recovered in less than one year	10,952	8,584

* See note 25 for details of the 2023 comparatives re-statement.

Financial assets within the Trade and other 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 cash flows, these instruments have been measured at amortised cost, which approximates to fair value. The amount charged to the Income statement as an impairment of receivables for the year was £nil (2023: £nil).

12. Prepayments and accrued income

	2024	Re-stated 2023*
	£000	£000
Prepayments and accrued income		
Prepayments	2,225	1,535
Accrued income - related parties (note 23(a)(i))	5,898	12,043
	8,123	13,578
Expected to be recovered in less than one year	8,123	13,578

* See note 25 for details of the 2023 comparatives re-statement.

Notes to the financial statements (continued)

13. Tax assets and liabilities

(a) Current tax

Current tax liabilities payable in more and less than one year are £6,938 thousand and £5,712 thousand (2023: £4,988 thousand and £7,284 thousand).

(b) Deferred taxes

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

	2024	2023
	£000	£000
Provisions and other temporary differences	404	67
Pensions and other post retirement obligations	-	28
Accelerated capital allowances	(2,263)	(748)
Net deferred tax liability	(1,859)	(653)

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

	2024	2023
	£000	£000
Net deferred tax asset at 1 January	(653)	(208)
Amounts charged to Income statement	(1,206)	(445)
Net deferred tax liability at 31 December	(1,859)	(653)

Notes to the financial statements (continued)

14. Trade and other payables

	2024	2023
	£000	£000
Trade payables	4,379	2,968
Amounts due to related parties (Note 23 (a)(ii))	2,575	959
Social security and other taxes	1,163	1,072
	8,117	4,999
Expected to be settled within one year	8,117	4,999

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

15. Other liabilities

	2024	2023
	£000	£000
Lease Liabilities	40,608	18,839
Accruals and deferred income	10,629	11,537
	51,237	30,376
Expected to be settled within one year	16,991	16,585

Notes to the financial statements (continued)

16. Dilapidations provision

	Building Dilapidations £000
Balance at 1 January 2024	2,031
Provided during year	3,761
Utilised during year	(392)
Balance at 31 December 2024	5,400

2024	Building Dilapidations **£000**
Current dilapidations	-
Non-current dilapidations	5,400
	5,400

The company is required to perform dilapidation repairs and in certain instances to restore properties to agreed specifications prior to the properties being vacated at the end of their lease term. These amounts are based on estimates of repair and restoration costs at a future date and therefore a degree of uncertainly exists over the future outflows, given that these are subject to repair and restoration cost price fluctuations and the extent of the repairs to be completed.

17. Ordinary share capital

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

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

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.

18. Other reserves

	Share premium £000	Revaluation reserve £000
Balance at 1 January 2023	(300)	(1,110)
Balance at 31 December 2023	(300)	(1,110)
Balance at 31 December 2024	(300)	(1,110)

Share Premium
The share premium arose in January 1997, on the issue of 30 ordinary shares of £1 each for a consideration of £10 thousand each.

Revaluation reserve
The revaluation reserve of £1,110 thousand (2023: £1,110 thousand) arose in December 2019 following the independent revaluation of the owner occupied property. The most recent independent revaluation was undertaken as at 31 December 2022.

Solus (London) Limited

Notes to the financial statements (continued)

19. Statement of cash flows

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

	2024	Re-stated 2023*
	£000	£000
Profit before tax	35,297	22,654
Adjustments for:		
Depreciation	8,694	7,135
Movements in dilapidation provision during the year	3,370	2,031
Loss on disposal of property, plant and equipment	763	-
Finance cost	930	-
Changes in working capital:		
(Increase)/decrease in inventories	(153)	960
Increase in trade and other receivables	(6,913)	(13,447)
Increase in trade and other payables	3,118	2,044
(Decrease)/increase in other liabilities	(908)	1,461
Cash generated from operating activities	44,198	22,838

The line item on the Statement of cashflows relating to dividends paid excludes the non-cash settlement of dividends declared of £10,000 thousand (2023: £15,000 thousand). The non-cash settlement was made against the related party trade receivable balance. As such the amount disclosed as interim dividend paid in the Statement of cashflows for the comparative period includes only the net dividend paid in cash.

* See note 25 for details of the 2023 comparatives re-statement.

(b) Cash and cash equivalents in the Statement of cash flows at 31 December comprise:	**2024**	**2023**
	£000	**£000**
Cash and cash equivalents	47,743	31,682

(c) Liabilities from financing activities - leases:	**2024**	**2023**
	£000	**£000**
Lease liabilities at 1 January	(18,839)	(15,366)
Cash flows (rental payments)	6,772	5,631
New leases (additions)	(27,611)	(8,708)
Interest	(930)	(396)
Lease liabilities at 31 December	(40,608)	(18,839)

Notes to the financial statements (continued)

20. Risk management

The Company operates a Risk Management Framework ("RMF") that forms an integral part of the management and Board processes and decision-making framework and is aligned to both its immediate parent, 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.

Board oversight of risk and risk management across the Company is maintained on a regular basis. The Board has overall responsibility for determining risk appetite for the Company, which is an expression of the risk the business is willing to take. For the purposes of risk identification and measurement, risks are grouped by risk type: 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.

The "three lines of defence model" is adopted by the Company. 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 risk management framework and internal control processes.

Notes to the financial statements (continued)

20. Risk management (continued)

(a) Financial risk management

(i) Credit risk

Credit risk is the risk of adverse outcomes due to a third party default event or a change to a third party credit standing.

At 31 December 2024, trade and other receivables are £10,952 thousand (2023: £8,584 thousand). Of this amount, £10,832 thousand (2023: £8,556 thousand) is due from related parties, details of which are set out in Note 23.

An assessment is carried out over all categories of financial assets 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 re-negotiated.

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 adjusted for forward-looking information, along with an analysis of payment terms. Short term financial assets (where all amounts are received 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.

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Notes to the financial statements (continued)

20. Risk management (continued)

(a) Financial risk management (continued)

(i) Credit risk (continued)

The tables below provide information regarding the carrying value of financial assets that have been impaired, and the ageing of financial assets that are past due but not impaired.

31 December 2024	Neither past due nor impaired	Past due but not impaired 30-60 days	Past due but not impaired 60-90 days	Past due and impaired >90 days	Estimated credit loss provision	Carrying value in the Statement of financial position
	£000	£000	£000	£000	£000	£000
Trade and other receivables - third parties	148	9	25	21	(83)	120
Trade and other receivables - related parties	10,580	225	7	20	(0)	10,832
	10,728	234	32	41	(83)	10,952

31 December 2023	Neither past due nor impaired	Past due but not impaired 30-60 days	Past due but not impaired 60-90 days	Past due and impaired >90 days	Estimated credit loss provision	Carrying value in the Statement of financial position
	£000	£000	£000	£000	£000	£000
Trade and other receivables - third parties	33	6	7	47	(65)	28
Trade and other receivables - related parties	8,019	36	183	318	(0)	8,556
	8,052	42	190	365	(65)	8,584

The Company has not purchased or originated any credit-impaired financial assets as at the reporting date.

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:

31 December 2024	Financial exposure by credit rating AAA	AA	AA -	A	Non-rated	Carrying value in the Statement of financial position
	£000	£000	£000	£000	£000	£000
Trade and other receivables - third parties	-	-	-	-	120	120
Trade and other receivables - related parties	-	-	10,832	-	-	10,832
	-	-	10,832	-	120	10,952

31 December 2023 Re-stated	Financial exposure by credit rating re-stated AAA	AA	AA-	A	Non-rated	Carrying value in the Statement of financial position
	£000	£000	£000	£000	£000	£000
Trade and other receivables - third parties	-	-	-	-	28	28
Trade and other receivables - related parties	-	-	8,556	-	-	8,556
	-	-	8,556	-	28	8,584

* See note 25 for details of the 2023 comparatives re-statement.

Notes to the financial statements (continued)

20. Risk management (continued)

(a) Financial risk management (continued)

(i) Credit risk (continued)

The Company's cash and cash equivalents of £47,743 thousand (2023: £31,682 thousand) is placed with one counterparty as at 31 December 2024 (2023: one) with a credit rating of A+ (2023: A+)

The management of credit risk is overseen by the Board.

(ii) Liquidity risk

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

The Company seeks to ensure it has sufficient financial resources to meet its expected obligations as they fall due.

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
Trade and other receivables	10,952
Accrued income	5,898
Cash and cash equivalents	47,743
	64,593

31 December 2023	**Within 1 year**
	£000
Trade and other receivables	8,584
Accrued income	12,043
Cash and cash equivalents	31,682
	52,309

The assets above are analysed in accordance with the earliest possible redemption date of the instrument at the initiation of the Company.

Solus (London) Limited

Notes to the financial statements (continued)

20. Risk management (continued)

(a) Financial risk management (continued)

(ii) Liquidity risk (continued)

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

31 December 2024	Within 1 year	1 to 5 years	Total
	£000	£000	£000
Trade and other payables (excluding social security & other taxes)	6,954	-	6,954
Dilapidation provision	-	5,400	5,400
Tax liability	5,712	-	5,712
Deferred tax liability	-	1,859	1,859
Other liabilities	16,991	34,246	51,237
	29,657	41,505	71,162

31 December 2023	Within 1 year	1 to 5 years	Total
	£000	£000	£000
Trade and other payables (excluding social security & other taxes)	3,927	-	3,927
Dilapidation provision	-	2,031	2,031
Tax liability	7,284	-	7,284
Deferred tax liability	-	653	653
Other liabilities	16,585	13,791	30,376
	27,796	16,475	44,271

The management of liquidity risk is overseen by the Board.

(b) Operational risk management

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 of have a material negative impact on reputation, customers, employees or other stakeholders.

Management is responsible for identifying and managing operational risks of the business. Residual risk outside tolerance is given prioritised management action to reduce it within tolerance. 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.

The management of operational risk is overseen by the Board.

21. Fair Value Methodology

This note explains the methodology for valuing our assets and liabilities measured at fair value and for fair value disclosures. It also provides an analysis of these according to a fair value hierarchy, determined by the market observability of valuation inputs.

(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.

Notes to the financial statements (continued)

21. Fair Value Methodology (continued)

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. The Company does not hold any Level 1 financial instruments.

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. The Company does not hold any Level 2 financial instruments.

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. The Company's only Level 3 asset is a freehold property.

(b) Changes to valuation techniques

No changes were made to the valuation techniques during the year.

(c) Fair value hierarchy

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

	Fair value hierarchy					
31 December 2024	**Level 1**	**Level 2**	**Level 3**	**Sub-total fair value**	**Amortised costs**	**Total carrying value**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Recurring fair value						
Property and equipment	-	-	2,840	2,840	-	2,840
Trade and other receivables	-	-	-	-	10,952	10,952
Prepayments and accrued income	-	-	-	-	8,123	8,123
Cash and cash equivalents	-	-	-	-	47,743	47,743
Total	-	-	2,840	2,840	66,818	69,658
Financial liabilities measured at fair value						
Trade and other payables	-	-	-	-	8,117	8,117
Other liabilities	-	-	-	-	51,237	51,237
Total	-	-	-	-	59,354	59,354

Solus (London) Limited

Notes to the financial statements (continued)

21. Fair Value Methodology (continued)

31 December 2023	Fair value hierarchy Level 1	Level 2	Level 3	Sub-total fair value	Amortised costs	Total carrying value
	£000	£000	£000	£000	£000	£000
Recurring fair value						
Property and equipment	-	-	2,840	2,840	-	2,840
Trade and other receivables	-	-	-	-	8,584	8,584
Prepayments and accrued income	-	-	-	-	13,578	13,578
Cash and cash equivalents	-	-	-	-	31,682	31,682
Total	-	-	2,840	2,840	53,844	56,684
Financial liabilities measured at fair value						
Trade and other payables	-	-	-	-	4,999	4,999
Other liabilities	-	-	-	-	30,376	30,376
Total	-	-	-	-	35,375	35,375

22. Capital structure

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

(a) Capital management

In managing its capital, the Company seeks to:

(i) maintain financial strength to support new business growth;
(ii) retain financial flexibility; 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 as appropriate, when assessing its deployment and usage of capital.

(b) Capital structure

	2024	2023
	£000	£000
Total capital employed	44,652	33,222
Equity shareholders' funds	44,652	33,222

23. Related party transactions

(a) The Company had the following related party transactions in 2024 and 2023:

(i) Services provided to related parties

	2024	2024	2023	Re-stated 2023*
	Income earned in year	Amounts owed at year end	Income earned in year	Amounts owed at year end
	£000	£000	£000	£000
Aviva Insurance Limited	171,608	16,730	151,467	20,599

Aviva Insurance Limited, the parent company, is the insurer who passes crash repair business to the Company.

The contractual payment term for receivables is 14 days.

The related parties' receivables are not secured and no guarantees are received in respect thereof.

* See note 25 for details of the 2023 comparatives re-statement.

(ii) Services provided by related parties

	2024	2024	2023	2023
	Expenses incurred in year	Amounts owing at year	Expenses incurred in year	Amounts owing at year
	£000	£000	£000	£000
Aviva Insurance Limited	1,334	2,575	867	959

Aviva Insurance Limited, the parent company, recharges insurance-related costs and centrally incurred expenses such as software costs to the Company.

The related parties' payables are not secured and no guarantees are given in respect thereof.

(iii) Key management compensation

The key management of the Company are considered to be the statutory directors of the Company. Note 4, Directors, gives details 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. Its 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.

Solus (London) Limited

Notes to the financial statements (continued)

24. Subsequent events

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

25. Re-statement of 2023 comparatives

(a) Property and equipment
During the year ended 31 December 2024, the Company identified property and equipment was no longer in use and was disposed of in a prior period. This restatement is reflected in the table in note 8, where it was explicitly erroneous and adjusted at 1 January 2023 being the earliest comparative period presented.

The impact of the restatement on the comparative analysis of changes in the property and equipment is as follows:

	Owner-occupied properties	Short leasehold improvements	Motor vehicles	Fixtures, fittings and equipment	Plant and machinery	Right of Use Costs	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
2023							
Cost or valuation as previously reported at 1 January 2023	3,350	2,237	151	7,770	10,856	23,071	47,435
Adjustment	-	(1,425)	(4)	(1,994)	(2,129)	-	(5,552)
Re-stated at 1 January 2023	3,350	812	147	5,776	8,727	23,071	41,883
Accumulated depreciation as previously reported at 1 January 2023	510	1,876	117	5,155	7,755	8,806	24,219
Adjustment	-	(1,425)	(4)	(1,994)	(2,129)	-	(5,552)
Re-stated at 1 January 2023	510	451	113	3,161	5,626	8,806	18,667

(b) Prepayments and accrued income
Prepayments and accrued income had been incorrectly presented within trade and other receivables and has now been reclassified to prepayments and accrued income.

31 December 2023	**As reported**	**Adjustment**	**As adjusted**
	£000	**£000**	**£000**
Trade and other receivables	22,162	(13,578)	8,584
Prepayments and accrued income	-	13,578	13,578
	22,162	-	22,162

The Statement of financial position, as well as notes 11 and 12, have been re-stated to reflect the above.

(c) Financial exposure by credit rating
The Company's financial exposure by credit rating for trade and other receivables from related parties had been incorrectly reported as A in the prior year. The correct credit rating was AA-. Note 20 (a) (i) has been updated to reflect this.

Solus (London) Limited

Notes to the financial statements (continued)

25. Re-statement of 2023 comparatives (continued)

(d) Related party transactions

Prepayment and accrued income owing to the parent company, as well as certain cost recharges within the year from the parent company, were incorrectly not identified as related party transactions.

Prepayments and accrued income had been incorrectly presented within trade and other receivables and has now been reclassified to prepayments and accrued income within note 12. Note 23, Related Party Transactions, has also been re-stated.

Services provided to related parties:

31 December 2023	**As reported**	**Adjustment**	**As adjusted**
	£000	**£000**	**£000**
Amount owed at year end	8,556	12,043	20,599
	8,556	12,043	20,599

(e) Statement of cash flows

The reconcilation of profit before tax to the net cash flow from operating activities had incorrectly not disclosed separately non-cash movements in dilapidation provision during the year from changes in working capital.

31 December 2023	**As reported**	**Adjustment**	**As adjusted**
	£000	**£000**	**£000**
Profit before tax	22,654	-	22,654
Adjustments for:			
Depreciation	7,135	-	7,135
Movements in dilapidation provision during the year	-	2,031	2,031
Loss on disposal of property, plant and equipment	-	-	-
Finance cost	-	-	-
Changes in working capital:			
(Increase)/decrease in inventories	960	-	960
Increase in trade and other receivables	(13,447)	-	(13,447)
Increase in trade and other payables	2,044	-	2,044
(Decrease)/increase in other liabilities	3,492	(2,031)	1,461
Cash generated from operating activities	22,838	22,838	22,838