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Aviva Employment Services Limited

Registered in England and Wales No. 03280551

Annual Report and Financial Statements 2025

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Directors and officer

Directors

The directors of the company in office at the date of signing the financial statements were:

C L Maccarthy
D C Godfrey
B Kelly
R Fisher
M Anderson
V Smith
W Ahmed

Officer – Company Secretary

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

Independent Auditors

Ernst & Young LLP, Statutory Auditor
London

Registered office

80 Fenchurch Street
London
EC3M 4AE

Company number

Registered in England and Wales no. 03280551

Other information

Aviva Employment Services Limited ("the Company") is regulated by the Financial Conduct Authority ("FCA").

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

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Strategic report

The directors present their strategic report for the Company for the year ended 31 December 2025.

Review of the Company's business

Principal activities

The Company is a private limited company, incorporated under the laws of England and Wales. The principal activity of the Company is that of the employing company for the majority of staff of the Aviva plc group of companies ("the Group") in the United Kingdom ("UK").

Financial position and performance

The financial position of the Company at 31 December 2025 is shown in the statement of financial position on page 18, with the results shown in the income statement on page 15 and the statement of cash flows on page 19.

Profit for the year before tax has decreased to £17 million in 2025 from £22 million in 2024. The decrease compared to the prior year was driven by reduced pension surpluses at 31 December 2024, which resulted in a reduction in finance income in 2025 of £5 million for the Aviva Staff Pension Scheme ("ASPS") and £9 million for the RAC pension scheme. This was partially offset by a £10 million decrease in the cost of free share awards.

Net assets increased from £529 million as at 31 December 2024 to £667 million as at 31 December 2025. This increase was primarily driven by pension remeasurement gains recognised in other comprehensive income during 2025, notably gains of £112 million in relation to the ASPS pension scheme, which increased pension surpluses at 31 December 2025.

Significant events

There were no significant events during 2025.

Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva plc and these are shown in the Group Annual Report and Accounts 2025. The Company will work with the Group to support the implementation of these strategies. The directors consider that the Company's principal activities will continue unchanged for the foreseeable future.

It is anticipated that the Company's significant financial assets will continue to comprise the assets of the sponsored pension schemes. The long-term investment objectives are to limit the risk of the assets failing to meet the liabilities of the schemes over the long term, and to maximise returns consistent with an acceptable level of risk so as to control the long-term costs of these schemes.

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 18 to the financial statements.

The principal risks and uncertainties faced by the Company relate to exposure to risks affecting its pension scheme surplus, which can be summarised as follows:

- *Market risks* affecting the valuation of pension scheme assets, being interest rates, inflation, property prices and foreign exchange rates.
- *Credit and market risk* affecting the average rate yield on AA-rated corporate bonds used to discount pension scheme liabilities.
- *Liquidity risks* affecting the Company's ability to make payments as they become due.
- *Other risks* affecting assumptions used to calculate pension scheme liabilities, such as retail / consumer price inflation and mortality assumptions. Mortality assumptions are subject to longevity risk.
- *Operational risks* relating to the employment of people and payment of their salaries and benefits, including deduction and payment of, payroll taxes and pension contributions.

Section 172 (1) Statement

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

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

Our Board considers it crucial that the Company maintains a reputation for high standards of business conduct. The Board is responsible for establishing, monitoring, and upholding the culture, values, standards, ethics, and reputation of the Company to ensure that our obligations to our stakeholders are met. The Board monitors adherence to our policies and compliance with local corporate governance requirements and is committed to acting where our business falls short of the standards we expect.

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

Our culture

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

Aviva Employment Services Limited as part of the Group, looks to operate within and support this culture.

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Strategic report continued

Stakeholder Engagement

(i) Employees

Through employee forums, internal communications and informal meetings, the Aviva plc directors engage with our people on a wide range of matters and act on the outputs of our annual engagement survey.

Aviva believe these methods of engagement with employees are effective in building and maintaining trust and communication; allowing for openness, honesty and transparency and increasing innovation and productivity within the business. These methods of engagement also act as a platform for Aviva employees to influence change in relation to matters that affect them.

Aviva remain focused on employee health and wellbeing, delivering the Wellbeing@Aviva programme, supporting colleagues' physical, mental, financial and social wellbeing.

Our people share in the business' success as shareholders through membership of our share plans.

We are committed to recruiting, training and retaining the best talent we can find. We are proud to have been a pioneer in some areas of employee benefits, including providing six months paid parental leave for all employees. In 2025, our annual Voice of Aviva survey showed exceptional levels of engagement, with 92% of colleagues saying they would recommend Aviva as an employer. In 2025, we were accredited as a Great Place to Work™ in the UK, Ireland and Canada. This accreditation recognises the very best employers and supports our ambition to retain and attract the best talent.

(ii) Customers

The Company has no direct customers.

(iii) Suppliers

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

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

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

(iv) Shareholders

The Board considers the long-term impact of corporate actions and decisions on our shareholders. Our ultimate shareholder is Aviva plc and there is ongoing communication and engagement with the Aviva plc Board. Any matters requiring escalation are escalated by the Board through the Chair to its parent.

Key performance indicators

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

	2025	2024
Profit for the year before tax as a percentage of revenue (%)	**1 %**	2 %
Pension surpluses (£m)	**654**	521

Profit for the year before tax as a percentage of revenue is lower than prior year primarily due to the reduction in pension funding income (see note 3) and an increase in revenue due to higher cost recharges.

Pension surpluses are higher in 2025 primarily due to the remeasurements recorded for the ASPS scheme.

Climate-related Financial Disclosures

The company is ultimately owned and controlled by Aviva plc. The Aviva Group Annual Report and Accounts 2025 includes the activities of the company and provides the information required by the Non-financial and Sustainability Information Statement for the Group as a whole. Further information on the Group's climate-related financial disclosures can be found on the Sustainability section of the Group's website, https://www.aviva.com/sustainability/reporting.

Approved by the Board and signed on behalf of the Board on 3 June 2026

DocuSigned by:
Ramneet Kalsi
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For and on behalf of Aviva Company Secretarial Services Limited
Company Secretary

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Directors' report

The directors submit their annual report and the audited financial statements for the Company for the year ended 31 December 2025.

Directors

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

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

C Moran	Resigned 16 October 2025
W Ahmed	Appointed 16 October 2025

Company secretary

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

Dividends

No interim ordinary dividend on the Company's ordinary shares was declared or paid during 2025 *(2024: £nil)*. The directors do not recommend a final dividend on the Company's ordinary shares for the year ended 31 December 2025 *(2024: £nil)*.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report, which includes a section describing the principal risks and uncertainties. In addition, the financial statements include notes on the Company's management of its major risks (see note 18).

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

After making enquiries, the directors have a reasonable expectation that the Company and the Group as a whole have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements (at least to 3 June 2027). The review includes consideration of the Company's current and forecast solvency and liquidity which aligns to management's business plan. For this reason, they continue to adopt, and to consider appropriate, the going concern basis in preparing the financial statements.

Future outlook

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

Stakeholder engagement

Statements summarising the Company's employee engagement, and its engagement with suppliers and its other stakeholders are included in the Strategic Report on page 4.

Statement of corporate governance arrangements

For the year ended 31 December 2025, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (the "Principles"). We set out below how the principles have been applied during 2025.

Principle 1 - Purpose and leadership

Aviva Employment Services Limited is part of the Aviva Group. Aviva's purpose is to be 'with you today, for a better tomorrow' to protect the things that matter most to our customers. To live up to that purpose, the Group has a vision to be 'the leading UK provider and go-to customer brand for all insurance, wealth and retirement solutions, with major businesses in Canada and Ireland and has a clear strategy and plan to achieve this vision:

- **Growth:** Accelerating growth in capital-light businesses
- **Customer:** Digitally-led customer experience and serving more needs
- **Efficiency:** Top quartile efficiency, synergies from our model and technology at the core
- **Sustainability:** Committed to social action, climate action and being a sustainable business

The delivery of our strategy and plan is guided by our values:

- **Care:** We care deeply about the positive difference we can make in our customers' lives
- **Commitment:** We understand the impact we have on the world and take the responsibility that comes with it
- **Community:** We recognise the strength that comes from working as one team, built on trust and respect
- **Confidence:** We believe the best is yet to come for our customers, our people, and society

The Board has made a number of strategic decisions through the year which are aligned to its purpose, as detailed in the Strategic Report.

The Board monitors culture of the Company and raises any concerns during meetings. Employee engagement is sought through the Voice of Aviva employee surveys, the output of which is reviewed by the Board.

The Board is responsible for promoting the long-term success of the Company for the benefit of its members as a whole, taking into account other stakeholders as defined by Section 172 of the Companies Act 2006 and the Articles of Association and including but not limited to; setting the Company's strategic aims, monitoring performance of the Company and management against those aims, setting the Company's risk appetite and monitoring the operation of prudent and effective controls and monitoring compliance with corporate governance principles.

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Directors' report continued

Principle 2 - Board composition

The directors have equal voting rights when making decisions, except the Chair, who has a casting vote. All Directors have access to the advice and services of the Company Secretary.

The Board is responsible for organising and directing the affairs of the Company in a manner that is most likely to promote the success of the Company for its shareholders as a whole and in a way that is consistent with its Articles of Association, applicable regulatory requirements and current corporate governance practice.

Principle 3 - Directors' responsibilities

The Company operates in accordance with the Aviva Governance Framework, as approved by Aviva plc. The Aviva Governance Framework articulates the interrelation between our purpose, culture, values; our reporting and escalation structures and their alignment with legal and regulatory duties and our risk management framework. The core elements are the legal and regulatory flow of accountability and decision - making and the Company's frameworks, policies and standards and the checks and balances through the operation of the Company's 2nd and 3rd lines of defence which ensure effective board oversight.

The Board held 3 meetings and 2 ad-hoc meetings in 2025. The Board's key areas of focus in 2025 were Wellbeing, Corporate Security and Group Staff Pension Scheme matters.

Principle 4 - Opportunity and risk

The role of the Board is to promote the long-term sustainable success of the Company, identifying opportunities to create and preserve value for its shareholder within a framework of prudent and effective controls, which enable risks to be assessed and managed.

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

The Company's Risk Representative attends Board meetings and provides independent challenge and influence in key business decisions and in ensures the effective operation of the risk management framework and control environment, in addition to assessing the overall risk culture. Material matters are escalated by the Board and the Risk Representative to the Company's parent legal entity Board and other Group Forums as appropriate.

Principle 5 - Remuneration

Under the Aviva Group Reward Governance Framework, the Company's remuneration policy operates in accordance with the Remuneration Policy as approved by the Aviva plc Remuneration Committee, which applies to all employees in entities within the Aviva Group.

The Aviva Group reports on the pay ratio of the Group CEO to UK employees, and details of this can be found in the Directors' Remuneration Report in the Aviva plc Annual Report and Accounts which is available at https://www.aviva.com/investors/reports/. Aviva plc also reports on the gender pay gap, and on the steps being taken in relation to this which can be found at https://www.aviva.com/about-us/uk-pay-gap-report/.

As employees of Aviva, staff are able to enjoy the comprehensive flexible benefit offering including the Aviva Staff Pension Scheme and Aviva's broader Wellbeing offering which aims to promote health and wellbeing among Aviva colleagues.

Principle 6 - Stakeholder relationships and engagement

Details about stakeholders can be found in the S.172 statement in the Strategic Report.

Employees

Employees have opportunities to voice their opinion and ask questions through the Group wide Intranet site, questions and answer sessions with the Group Chief Executive Officer and members of the Executive Committee, pulse surveys and the annual Voice of Aviva Survey which is open to all employees. Team meetings are actively encouraged and are held in all business units across the Group.

The Group companies are committed to providing equal opportunities to all employees, irrespective of their gender, sexual orientation, marital status, race, nationality, ethnic origin, disability, age, religion or union membership status. Aviva is an inclusive employer and values diversity in its employees. These commitments extend to recruitment and selection, training, career development, flexible working arrangements, promotion and performance appraisal.

One of our drivers for an inclusive culture comes through our employee communities. They act as a lobby group and conscience to the organisation and are actively sponsored by all members of the Executive Committee.

We make reasonable adjustments for our people and also for candidates who are interested in working for us. As a Disability Confident Employer; a Government scheme that support employers to make the most out of the talents that disabled colleagues can bring to our organisation, we will interview every disabled applicant that meets the minimum criteria for the job and offer Workplace Adjustment Passports to colleagues.

The Group remains focused on employee health and wellbeing, delivering the Wellbeing@Aviva programme, supporting colleagues' physical, mental, financial and social wellbeing.

Disclosure of information to the auditors

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

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Directors' report continued

Independent auditors

It is the intention of the directors to reappoint the auditors, Ernst & Young LLP, under the deemed appointment rules of s.487 of the Companies Act 2006.

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 section 309A to section 309C of the Companies Act 1985. These qualifying third party indemnity provisions were in force during the financial year and remain in force as at the date of approving the directors' report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

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 Annual Report and Financial Statements 2025 in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Approved by the Board and signed on behalf of the Board on 3 June 2026

DocuSigned by:
Ramneet Kalsi
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For and on behalf of Aviva Company Secretarial Services Limited
Company Secretary

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Independent auditors' report to the members of Aviva Employment Services Limited

Opinion

We have audited the financial statements of Aviva Employment Services Limited (the "Company") for the year ended 31 December 2025 which comprise the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flows and the related notes 1 to 20, 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 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

- confirming our understanding of management's going concern assessment process and obtaining management's assessment which covers the period to 3 June 2027;
- challenging the key assumptions underlying the mandatory obligations of the Company up to 3 June 2027;
- performing enquiries of management and those charged with governance to identify risks or events that may impact the company's ability to continue as a going concern. We also obtained management's assessment approved by the Board, minutes of meetings of the Board; and
- testing the appropriateness of the going concern disclosures by comparing the disclosures with management's assessment and considering their compliance with the relevant reporting requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 3 June 2027, being twelve months from the date when the financial statements are authorised for issue.

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.

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.

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Independent auditors' report to the members of Aviva Employment Services Limited continued

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 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the 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 relevant laws and regulations related to elements of company law and tax legislation, and the financial reporting framework.
- We understood how the company is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed minutes of the Board and gained an understanding of the company's 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.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of those charged with governance, internal audit and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees and enquiring about the company's methods of enforcing and monitoring compliance with such policies.
- We tested the appropriateness of journal entries recorded in the general ledger on a sample basis, including evaluating the business rationale for significant and/or unusual transactions.

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

Use of our report

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

Signed by:
Sophie Abashidze
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Sophie Abashidze (Senior Statutory Auditor)

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

London

3 June 2026

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Accounting policies

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

(A) Basis of preparation

The financial statements of the Company have been prepared and approved by the directors in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Having assessed the principal risks, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements (at least to 3 June 2027). For this reason, the Company continues to adopt the going concern basis in preparing the financial statements.

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

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

The Company has adopted Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability which became effective for the annual reporting period beginning on 1 January 2025. The amendments do not have a significant impact on the Company's financial statements.

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

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

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

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

- Requiring additional defined subtotals in the statement of profit or loss;
- Requiring disclosures about management-defined performance measures; and
- Adding new principles for grouping of information.

IFRS 18 is effective for annual reporting beginning on or after 1 January 2027 and has been 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 process of implementation, and no financial impacts are expected as a result of adoption.

(ii) IFRS 19: Subsidiaries without Public Accountability: Disclosures and Amendments to IFRS 19: Subsidiaries without Public Accountability: Disclosures

Published by the IASB in May 2024 and August 2025. IFRS 19 and the amendments to IFRS 19 are effective for annual reporting beginning on or after 1 January 2027 and have been endorsed by the UK.

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

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

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

(ii) 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.

(iii) Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity

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

(iv) Amendments to IAS 21: Translation to a Hyperinflationary Presentation Currency

Published by the IASB in November 2025. The amendments are effective for annual reporting beginning on or after 1 January 2027 and have yet to be endorsed by the UK.

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Accounting policies continued

(B) Critical accounting policies and the use of estimates

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

Critical accounting policies

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

Item	Critical accounting judgement	Accounting policy
Pension surpluses/obligations	Most significant judgements relate to the assumptions used in the calculation of the pension surpluses/obligations as set out below.	K

Use of estimates

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

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

Item	Material accounting estimates	Assumptions	Carrying values	Sensitivity
Pension surpluses/obligations (accounting policy K)	Principal assumptions used in the calculation of pension surpluses/obligations include those in respect of annuitant mortality, interest rates and discount rates.	14(b)	14(b)	14(b)

(C) Fair value measurement

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

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

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

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

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

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

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

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

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

(E) Receivables and other financial assets

Receivables and other financial assets are recognised initially at their fair value. Subsequent to initial measurement receivables are measured at amortised cost using the effective interest rate method, less an allowance for expected credit losses.

Expected credit loss is an unbiased, probability-weighted estimate of credit losses. It considers all reasonable and supportable information, including forward looking economic assumptions and a range of possible outcomes. Expected credit losses for loans are calculated on a 12-month basis as loans due from Group operations are deemed to have low credit risk. The Company does not expect any material credit losses on loans due from Group operations. Changes in the allowance for expected credit losses are recognised in the income statement.

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

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Accounting policies continued

(F) Payables and other financial liabilities

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

(G) Cash and cash equivalents

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

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

(H) 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.

The amount recorded as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Discounting is applied to the provision where the effect of the time value of money is material. Provisions are not recognised for future operating losses.

Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

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

(I) Income taxes

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

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

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.

(J) Share capital

Equity instruments

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

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

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

Dividends

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

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Accounting policies continued

(K) Employee benefits

Pension surpluses

The Company operates three schemes, whose members receive benefits on either a defined benefit or defined contribution basis. Under a defined contribution plan, the Company's legal or constructive obligation is limited to the amount it agrees to contribute to a fund and there is no obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits. A defined benefit pension plan is a pension plan that is not a defined contribution plan and typically defines the amount of pension benefit that an employee will receive on retirement.

The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The pension obligation is measured as the present value of the estimated future cash outflows, using a discount rate based on market yields for high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. The resultant net surplus or deficit recognised as an asset or liability on the statement of financial position is the fair value of plan assets less the present value of the defined benefit obligation at the end of the reporting period.

Plan assets exclude unpaid contributions due from Group entities to the schemes. If the fair value of plan assets exceeds the present value of the defined benefit obligation, the resultant asset is limited to the asset ceiling defined as the present value of economic benefits available in the form of future refunds from the plan or reductions in contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company.

Remeasurements of defined benefit plans comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding net interest) and the effect of the asset ceiling (if any). The Company recognises remeasurements immediately in other comprehensive income and does not reclassify them to the income statement in subsequent periods.

Service costs comprising current service costs, past service costs, gains and losses on curtailments and net interest expense/income are charged or credited to the income statement.

Past service costs are recognised at the earlier of the date the plan amendment or curtailment occurs or when related restructuring costs are recognised.

The Company determines the net interest expense/income on the net defined liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability/asset. Net interest expense is charged to finance costs, whereas net interest income is credited to investment income.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension plans. Once the contributions have been paid, the Company, as employer, has no further payment obligations. The Company's contributions are charged to the income statement in the year to which they relate and are included in staff costs.

(L) Revenue recognition

Revenue, which excludes VAT, represents income from the provision of staff to UK companies within the Group, which is recognised in the accounting period in which the performance obligations are satisfied.

(M) Expense recognition

Share based payments

Equity-settled share-based payments to employees and others providing services are measured at fair value of the equity instruments of the ultimate parent entity, Aviva plc at the grant date. The fair value excludes the effect of non market-based vesting conditions.

The fair value determined at the grant date of the equity-settled payments is expensed on a straight-line basis over the vesting period, based on estimate of equity instruments that will eventually vest. A payable to fellow group companies is recognised in the Company in relation to this expense. At each period end, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income.

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Income statement

For the year ended 31 December 2025

	Note	**2025**	2024
		£m	£m
Revenue	L, 1 & 19(a)(i)	**1,626**	1,380
Cost of sales	2	**(1,638)**	(1,400)
Gross loss		**(12)**	(20)
Net investment income	K & 3	**29**	42
Profit before tax		**17**	22
Tax credit	I & 7(a)(i)	**3**	—
Profit for the year after tax		**20**	22

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 20 to 33 are an integral part of the financial statements.

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Statement of comprehensive income

For the year ended 31 December 2025

	Note	2025 £m	2024 £m
Profit for the year		**20**	22
Other comprehensive income/(losses):			
Items that will not be reclassified to income statement:			
Remeasurements of pension schemes	K & 14(b)	**118**	(440)
Tax (charge)/credit	I & 7(b)	**(29)**	163
Total other comprehensive profit/(loss), net of tax		**89**	(277)
Total comprehensive profit/(loss) for the year		**109**	(255)

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 20 to 33 are an integral part of the financial statements.

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Statement of changes in equity

For the year ended 31 December 2025

	Note	Ordinary Share Capital	Other equity	Retained earnings	2024 Total equity
		£m	£m	£m	£m
Balance at 1 January 2024		—	13	763	776
Profit for the year		—	—	22	22
Other comprehensive losses		—	—	(277)	(277)
Total comprehensive loss for the year		—	—	(255)	(255)
Reserves credit for equity compensation plans		—	8	—	8
Balance at 31 December 2024	10, 11 & 12	—	21	508	529

	Note	**Ordinary Share Capital**	**Other equity**	**Retained earnings**	**2025 Total equity**
		£m	**£m**	**£m**	**£m**
Balance at 1 January 2025		**—**	**21**	**508**	**529**
Profit for the year		**—**	**—**	**20**	**20**
Other comprehensive profit		**—**	**—**	**89**	**89**
Total comprehensive profit for the year		**—**	**—**	**109**	**109**
Reserves debit for equity compensation plans		**—**	**(2)**	**—**	**(2)**
Tax credit	7(c)	**—**	**—**	**31**	**31**
Balance at 31 December 2025	10, 11 & 12	**—**	**19**	**648**	**667**

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 20 to 33 are an integral part of the financial statements.

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Statement of financial position

As at 31 December 2025

	Note	2025 £m	2024 £m
Assets			
Non-current assets			
Deferred tax assets	I & 13(b)	**48**	18
Pension surpluses	K & 14(a)	**654**	521
Current assets			
Current tax assets	I & 13(a)	**8**	5
Receivables and other financial assets	E & 9	**216**	238
Cash and cash equivalents	G & 17(b)	**55**	40
Total assets		**981**	822
Equity			
Ordinary share capital	J & 10	**—**	—
Other equity	11	**19**	21
Retained earnings	12	**648**	508
Total equity		**667**	529
Liabilities			
Non-current liabilities			
Deferred tax liabilities	I & 13(b)	**163**	130
Current liabilities			
Payables and other financial liabilities	F & 15	**145**	158
Provisions	H & 16	**6**	5
Total liabilities		**314**	293
Total equity and liabilities		**981**	822

The financial statements on pages 15 to 33 were approved by the Board of Directors on 3 June 2026 and signed on its behalf by

Signed by:
Victoria Smith
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V Smith

Director

Registered in England and Wales No. 03280551

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 20 to 33 are an integral part of the financial statements.

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Statement of cash flows

For the year ended 31 December 2025

	Note	2025 £m	2024 £m
Cash flows from operating activities			
Cash generated from operating activities	17(a)	**15**	4
Total net cash generated from operating activities		**15**	4
Total net increase in cash and cash equivalents		**15**	4
Cash and cash equivalents at 1 January		**40**	36
Cash and cash equivalents at 31 December	G & 17(b)	**55**	40

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 20 to 33 are an integral part of the financial statements.

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Notes to the financial statements

1. Revenue

The Company's activities consist solely of acting as the employing company for the majority of staff of the Group in the UK. Refer to note 19 for further information on income earned during the year.

2. Cost of sales

	Note	**2025**	2024
		£m	£m
Wages and salaries		**940**	826
Social security costs		**169**	131
Other pension costs	14(d)	**10**	7
Post-retirement obligations			
Defined benefit scheme	14(b)(i) & 14(d)	**28**	25
Defined contribution scheme	14(d)	**230**	192
Profit sharing and incentive plans	2(a)	**243**	203
Termination benefits		**5**	6
Other costs		**13**	10
		1,638	1,400

(a) Profit sharing and incentive plans

Whilst the expense arising from equity-settled transactions is recorded in the income statement, in accordance with IFRS 2, this is immediately offset by a corresponding management recharge of equivalent value. Profit sharing and incentive plans includes £2 million credit (*2024: £8 million debit*) in respect of equity compensation plans.

3. Net investment income

	Note	**2025**	2024
		£m	£m
Net interest income on pension schemes	14(b)(i)	**29**	42

4. Employee information

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

	2025	2024
United Kingdom	**19,168**	17,238

5. Directors' remuneration

All directors are remunerated by the Company for their services as employees to the Group as a whole. They are not remunerated directly for their services as directors of the Company and the amount of time spent performing their duties is incidental to their role across the Group. Costs are borne by the Company but are recharged to other Group companies for these services. This is consistent with the prior year.

6. Auditors' remuneration

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

	2025	2024
	£000	£000
Fees payable to Ernst & Young LLP for the statutory audit of the Company's financial statements	**269**	261

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

There were no non-audit fees paid to the Company's auditors during the year *(2024: £nil)*. All fees have been borne by Aviva plc.

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Notes to the financial statements continued

7. Tax

(a) Tax credited to the income statement

(i) The total tax credit comprises:

	Note	2025 £m	2024 £m
Current tax			
For this year		**(2)**	(2)
Adjustments in respect of prior years		**4**	3
Total current tax		**2**	1
Deferred tax			
Origination and reversal of temporary differences		**1**	(1)
Total deferred tax	7(a)(iv)	**1**	(1)
Total tax credited to the income statement	7(d)	**3**	—

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 2024. No current tax charge is included in respect of these provisions.

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.

(ii) The tax credit above, comprising current and deferred tax, can be analysed as follows:

	2025 £m	2024 £m
UK tax	**3**	—
	3	—

(iii) There were no unrecognised tax losses or temporary differences of previous years used to reduce the tax charge in either 2025 or 2024.

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

	2025 £m	2024 £m
Pensions and other post retirement obligations	**(3)**	(6)
Provisions and other temporary differences	**4**	5
Total deferred tax credited/(charged) to the income statement	**1**	(1)

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

(i) The total tax (charge)/credit comprises:

	2025 £m	2024 £m
Current tax		
In respect of pensions and other post retirement obligations	**1**	2
Deferred tax		
In respect of pensions and other post retirement obligations	**(30)**	160
Provisions and other temporary differences	**—**	1
Total tax (charged)/credited to other comprehensive income	**(29)**	163

(c) Tax credited to equity

	2025 £m	2024 £m
Current tax		
Provisions and other temporary differences	**5**	—
Deferred tax		
Provisions and other temporary differences	**26**	—
Total tax credited to equity	**31**	—

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Notes to the financial statements continued

(d) Tax reconciliation

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

	Note	2025 £m	2024 £m
Total profit before tax		**17**	22
Tax calculated at standard UK corporation tax rate of 25% (2024: 25%)		**(4)**	(6)
Adjustment to tax charge in respect of prior periods		**4**	3
Disallowable expenses		**(11)**	(13)
Share schemes		**14**	16
Total tax credit to the income statement	7(a)	**3**	—

8. Dividends

No interim or final ordinary dividends on the Company's ordinary shares were declared or paid during 2025 *(2024: £nil).*

9. Receivables and other financial assets

	Note	2025 £m	2024 £m
Amounts due from parent	19(a)(i)	**106**	127
Amounts due from fellow Group companies	19(a)(i)	**109**	109
Other receivables		**1**	2
Total as at 31 December		**216**	238
Expected to be recovered in less than one year		**216**	238
Total as at 31 December		**216**	238

The fair value of receivables is approximate to their carrying amounts. All receivables are held at amortised cost.

10. Ordinary share capital

	2025 £	2024 £
Allotted, called up and fully paid		
2 (2024: 2) ordinary shares of £1 each	**2**	2

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. There were no Ordinary share issues during the year 2025.

11. Other Equity

Other equity of £19 million (*2024: £21 million*) consists of a capital contributions in respect of recharges relating to equity compensation plans. The corresponding credit (*2024: charge*) to the income statement for the plan has been included within cost of sales.

12. Retained earnings

	2025 £m	2024 £m
Balance at 1 January	**508**	763
Profit for the year	**20**	22
Other comprehensive profits/(losses) for the year	**89**	(277)
Balance at 31 December	**617**	508

13. Tax assets / (liabilities)

(a) Current tax

Current tax assets recoverable in less than one year are £8 million (*2024: £5 million*).

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Notes to the financial statements continued

(b) Deferred tax

(i) The balance at 31 December comprises:

	2025 £m	2024 £m
Deferred tax asset	**48**	18
Deferred tax liability	**(163)**	(130)
Net deferred tax liability	**(115)**	(112)

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

	2025 £m	2024 £m
Pensions and other post retirement obligations	**(163)**	(130)
Provisions and other temporary differences	**48**	18
Net deferred tax liability	**(115)**	(112)

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

	Note	2025 £m	2024 £m
Net deferred tax liability at 1 January		**(112)**	(272)
Amounts credited/(charged) to income statement	7(a)(iv)	**1**	(1)
Amounts (charged)/credited to other comprehensive income	7(b)	**(30)**	161
Amounts (charged)/credited to equity	7(c)	**26**	—
Net deferred tax liability at 31 December		**(115)**	(112)

The Company has unrecognised capital losses of £27 million *(2024: £27 million)* to carry forward indefinitely against future taxable income.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available in either the company or wider group, against which the temporary differences can be utilised.

14. Pension surpluses

(a) Introduction

The Company operates a number of defined benefit and defined contribution pension schemes. The material defined benefit schemes are the Aviva Staff Pension Scheme ("ASPS"), the RAC (2003) Pension Scheme ("RAC") which was retained after the sale of RAC Limited in September 2011, and the Friends Provident Pension Scheme ("FPPS"), which was transferred to the Company in 2016 from Friends Life Management Services Limited (FLMS), a management service company within the Aviva Group.

As the defined benefit section of each scheme is now closed to both new members and future accrual, existing deferred members and new entrants participate in the defined contribution section of the ASPS. Each scheme operates within the UK pensions' regulatory framework.

The assets and liabilities of the material defined benefit schemes as at 31 December are shown below:

	2025				2024			
	ASPS £m	**RAC £m**	**FPPS £m**	**Total £m**	ASPS £m	RAC £m	FPPS £m	Total £m
Total fair value of the scheme asset (see b(ii) below)	**7,031**	**1,101**	**1,139**	**9,271**	7,078	1,138	1,139	9,355
Present value of defined benefit obligation	**(6,659)**	**(942)**	**(1,016)**	**(8,617)**	(6,823)	(973)	(1,038)	(8,834)
Net surplus in the schemes	**372**	**159**	**123**	**654**	255	165	101	521

Under the IAS 19 valuation basis, the Company applies the principles of *IFRIC 14, 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'*, whereby a surplus is only recognised to the extent that the Company is able to access the surplus either through an unconditional right of refund to the surplus or through reduced future contributions relating to ongoing service, which have been substantively enacted or contractually agreed. The Company has determined that it can derive economic benefit from the surplus in the ASPS via a reduction to future employer contributions for DC members, which could theoretically be paid from the surplus funds in the ASPS. In the RAC and FPPS, the Company has determined that the rules set out in the schemes' governing documentation provide for an unconditional right to a refund from any future surplus funds in the schemes.

The assets of the schemes are held in separate trustee-administered funds to meet long-term pension liabilities to past and present employees. In all schemes, the appointment of trustees of the funds is determined by their trust documentation, and they are required to act in the best interests of the schemes' beneficiaries. The long-term investment objectives of the trustees and the employers are to limit the risk of the assets failing to meet the liabilities of the schemes over the long term, and to maximise returns consistent with an acceptable level of risk so as to control the long-term costs of these schemes. Closure of the schemes has removed the volatility associated with additional future accrual for active members.

A funding actuarial valuation of each of the defined benefit schemes is carried out at least every three years for the benefit of scheme trustees and members. Actuarial reports have been submitted for each scheme within this period.

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(b) IAS 19 disclosures

Disclosures under IAS 19 are given below. Where schemes provide both defined benefit and defined contribution pensions, the assets and liabilities shown exclude those relating to defined contribution pensions.

(i) Movements in the scheme surpluses and deficits

Movements in the pension schemes' surpluses and deficits comprise:

2025	Note	Fair Value of Scheme Assets £m	Present Value of defined benefit obligation £m	IAS 19 Pensions net surplus £m
Net surplus in the schemes at 1 January		**9,355**	**(8,834)**	**521**
Administrative expenses		**—**	**(28)**	**(28)**
Total pension cost charged to cost of sales	2	**—**	**(28)**	**(28)**
Net interest credited to investment income	3	**506**	**(477)**	**29**
Total recognised in income statement		**506**	**(505)**	**1**
Remeasurements				
Actual return on these assets		**447**	**—**	**447**
Less: Interest income on scheme assets		**(506)**	**—**	**(506)**
Return on scheme assets excluding amounts in interest income		**(59)**	**—**	**(59)**
Losses from change in financial assumptions		**—**	**166**	**166**
Gains from change in demographic assumptions		**—**	**35**	**35**
Experience losses		**—**	**(24)**	**(24)**
Total recognised in other comprehensive income		**(59)**	**177**	**118**
Employer contributions		**14**	**—**	**14**
Plan participants' contributions		**2**	**(2)**	**—**
Benefits paid		**(519)**	**519**	**—**
Administrative expenses paid from scheme assets		**(28)**	**28**	**—**
Net IAS 19 surplus in the Scheme at 31 December		**9,271**	**(8,617)**	**654**

Remeasurement gains of £118 million (*2024: loss of £440 million*) recorded in the statement of comprehensive income for the period are largely driven by:

- Positive returns on multi-asset funds have increased surplus.
- Narrower spreads on UK government bonds have also increased the surplus. This has been offset by other economic movements including narrower corporate spreads in the UK, higher interest rates, and lower inflation.

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2024	Note	Fair Value of Scheme Assets £m	Present Value of defined benefit obligation £m	IAS 19 Pensions net surplus £m
Net surplus in the schemes at 1 January		11,109	(10,178)	931
Administrative expenses		—	(25)	(25)
Total pension cost charged to cost of sales	2	—	(25)	(25)
Net interest credited to investment income	3	489	(447)	42
Total recognised in income statement		489	(472)	17
Remeasurements				
Actual return on these assets		(1,241)	—	(1,241)
Less: Interest income on scheme assets		(489)	—	(489)
Return on scheme assets excluding amounts in interest income		(1,730)	—	(1,730)
Gains from change in financial assumptions		—	1,202	1,202
Gains from change in demographic assumptions		—	108	108
Experience losses		—	(20)	(20)
Total recognised in other comprehensive income		(1,730)	1,290	(440)
Employer contributions		13	—	13
Plan participants' contributions		2	(2)	—
Benefits paid		(503)	503	—
Administrative expenses paid from scheme assets		(25)	25	—
Net IAS 19 surplus in the Scheme at 31 December		9,355	(8,834)	521

(ii) Scheme assets

Scheme assets are stated at their fair values at 31 December.

Total scheme assets are analysed by those that have a quoted market price in an active market and others as follows:

	2025			2024		
	Quoted in an active market	**Other**	**Total**	Quoted in an active market	Other	Total
	£m	**£m**	**£m**	£m	£m	£m
Bonds	**4,335**	**797**	**5,132**	5,325	658	5,983
Property	**—**	**—**	**—**	—	—	—
Pooled investment vehicles	**—**	**2,179**	**2,179**	—	1,868	1,868
Derivatives	**—**	**5**	**5**		50	50
Insurance policies	**—**	**4,281**	**4,281**	—	4,316	4,316
Repurchase agreements		**(1,648)**	**(1,648)**	—	(2,423)	(2,423)
Cash and other[1]	**(217)**	**(461)**	**(678)**	76	(515)	(439)
Total fair value of assets at 31 December	**4,118**	**5,153**	**9,271**	5,401	3,954	9,355

[1]Cash and other assets comprise cash at bank, receivables, payables and longevity swaps.

Plan assets include investments in Aviva Group-managed funds of £514 million *(2024: £705 million)* and transferable insurance policies with other Group companies of £3,909 million *(2024: £3,932 million)* in ASPS and the RAC Scheme. Where the investment and insurance policies are in segregated funds with specific asset allocations, they are included in the appropriate line in the table above, otherwise they appear in 'Cash and other'. There are no significant judgements involved in the valuation of scheme assets. Insurance policies are valued on the same basis as the pension scheme liabilities, as required by IAS 19.

At 31 December 2025, £59 million of the fair value of pooled investment vehicles relates to investments in residential properties held in ground rent funds based on market conditions at the measurement date. The Government announced the draft Leasehold and Commonhold Reform Bill on 27 January 2026, which proposed a legislative cap on existing ground rents of residential properties. If the Bill is enacted in accordance with the draft proposals, the proposed cap is expected to reduce the fair value, which is not factored into the valuation at 31 December 2025 since it reflects circumstances that have arisen subsequent to the reporting date.

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(iii) Assumptions on scheme liabilities

The valuations used for accounting under IAS 19 have been based on the most recent funding actuarial valuations, updated to take account of the standard's requirements in order to assess the liabilities of the material schemes at 31 December 2025.

The projected unit credit method
The inherent uncertainties affecting the measurement of scheme liabilities require these to be measured on an actuarial basis. This involves discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit credit method. This is an accrued benefits valuation method which calculates the past service liability to members and makes allowance for their projected future earnings. It is based on a number of actuarial assumptions and changes in these assumptions can materially affect the measurement of the pension obligations.

Financial assumptions
The main financial assumptions used to calculate scheme liabilities under IAS19 are:

	2025	2024
Inflation rate[1]	**2.8 %**	3.2 %
General salary increases[2]	**4.6 %**	5.3 %
Pension increases[3]	**3.0 %**	3.2 %
Deferred pension increases[3]	**2.1 %**	2.8 %
Discount rate[4]	**5.41%/5.67% (non-insured members)**	5.48%/5.68% (non-insured members)
	5.61%/5.52%/5.33% (insured members)	5.63%/5.56%/5.41% (insured members)
Basis of discount rate	**AA-rated corporate bonds**	AA-rated corporate bonds

[1]Relevant RPI/CPI swap curves are used in the calculation of the DBO; the rate shown is the equivalent single RPI rate for ASPS. In 2025, CPI is derived as RPI less 86-104 bps (varying from year to year) pre 2030 and RPI less 20 bps post 2030 (*2024: RPI less 100 bps pre 2030 and RPI less 0 bps post 2030*).
[2]For ASPS, the only remaining linkage between pension benefits and general salary increases is in respect of a small amount of Guaranteed Minimum Pensions benefits that increases in line with National Average Earnings.
[3]Relevant RPI/CPI swap curves are used, adjusted to reflect the appropriate caps/floors and inflation volatility with full curves used in the calculation of the DBO. The rates shown are the single equivalent rates for the biggest groups of pensions in payment and deferment respectively in the ASPS.
[4]To calculate scheme liabilities, a discount rate of 5.41 % is used for ASPS, and 5.67 % for FPPS members not included in annuity policies held by the scheme. A discount rate of 5.61 % is used for ASPS, 5.52 % for RAC and 5.33 % for FPPS members included in annuity policies held by the schemes. The different rates reflect the differences in the duration of the liabilities between the schemes.

The discount rate and pension increase rate are the two assumptions that have the largest impact on the value of the liabilities, with the difference between them being known as the net discount rate. The discount rate is based on current average yields of high-quality debt instruments taking account of the maturities of the defined benefit obligations.

Mortality assumptions
Mortality assumptions are significant in measuring the obligations under the Company's defined benefit schemes, particularly given the maturity of these obligations in the material schemes. The assumptions used are summarised in the table below and have been selected to reflect the characteristics and experience of the membership of these schemes.

The mortality tables, average life expectancy and pension duration used at 31 December 2025 for scheme members are as follows:

		Life expectancy / (pension duration) at NRA of a male		**Life expectancy / (pension duration) at NRA of a female**	
Mortality table	**Normal retirement age (NRA)**	**Current aged NRA**	**20 years younger than NRA**	**Current aged NRA**	**20 years younger than NRA**
ASPS - SAPS tables as a proxy for Club Vita pooled	60	88.1	89.4	89.8	91.6
experience, including an allowance for future improvements		(28.1)	(29.4)	(29.8)	(31.6)
RAC schemes - SAPS, including allowances for future	65	86.9	88.5	88.9	90.6
improvement		(21.9)	(23.5)	(23.9)	(25.6)
FPPS schemes - SAPS, including allowances for future	60	87.8	89.7	90.2	91.9
improvement		(27.8)	(29.7)	(30.2)	(31.9)

The assumptions above are based on commonly used mortality tables. The tables make allowance for observed variations in such factors as age, gender, pension amount, salary and postcode-based lifestyle group, and have been adjusted to reflect recent research into mortality experience. However, the extent of future improvements in longevity is subject to considerable uncertainty and judgement is required in setting this assumption. For the ASPS, which is the most material scheme to the Company, the allowance for mortality improvement is per the actuarial profession's CMI_2024 (S=7.25) Advanced with adjustments model *(2024: CMI_2023 (S=7.25) Advanced with adjustments)* with zero weight on 2020 to 2024 data within the model. Instead of placing weight on post-pandemic data within the CMI improvements model, a separate adjustment is made to reflect the impact that the drivers of excess mortality post-pandemic are expected to have in future years. There is a long-term improvement rate of 1.50% for both males and females *(2024: 1.50% for both males and females)*. The CMI_2024 tables have been adjusted to allow for greater mortality improvements in the annuitant population relative to the general population on which CMI_2024 is based, using a parameter of 0.15% for males and 0.20% for females, tapering to zero between ages 90 and 110 (for 2024 the same approach was taken with respect to CMI_2023). Long-term improvement rates are set to taper to zero between ages 85 and 110 *(2024: long-term improvement rates taper to zero between ages 85 and 110)*.

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Illustrative sensitivity analysis
Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation rate and mortality. Movements in the defined benefit obligation are mitigated by the impact on the assets from economic movements including interest rates and price inflation, as well as the longevity sensitivity impact due to the insurance policy and longevity swap assets held by the pension schemes. The sensitivity analysis below has been determined by changing the respective assumptions whilst holding all other assumptions constant. The following table illustrates how the IAS 19 surplus would have increased/(decreased) as a result of changes in interest rates, price inflation and mortality:

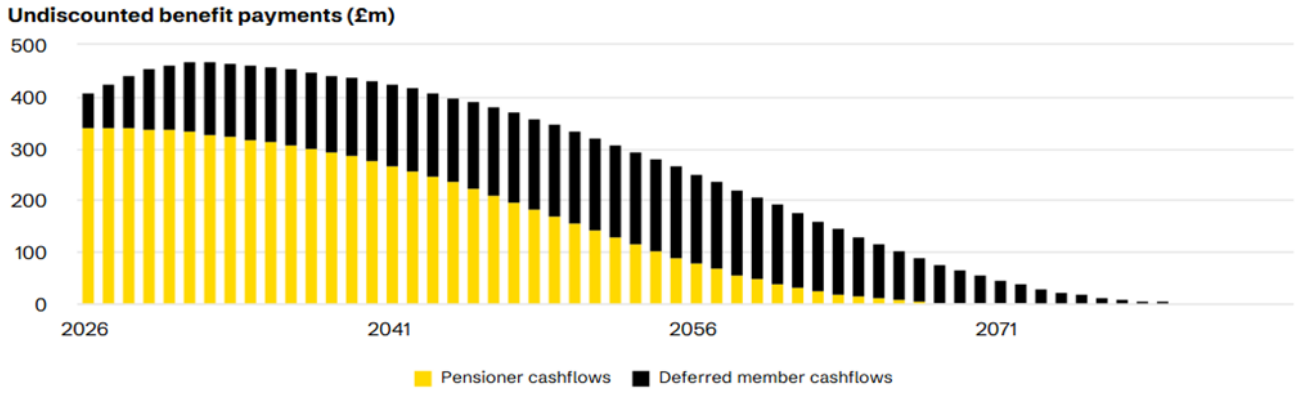
	Increase in interest rates +1%	Decrease in interest rates -1%	Increase in inflation rate +1%	Decrease in inflation rate -1%	1 year younger[1]
	£m	£m	£m	£m	£m
Impact on present value of defined benefit obligation at 31 December 2025	**881**	**(1,069)**	**(839)**	**692**	**(222)**
Impact on fair value of scheme assets at 31 December 2025	**(940)**	**1,150**	**869**	**(758)**	**257**
Impact on IAS 19 surplus on 31 December 2025	**(59)**	**81**	**30**	**(66)**	**35**
Impact on present value of defined benefit obligation at 31 December 2024	902	(1,092)	(848)	712	(234)
Impact on fair value of scheme assets at 31 December 2024	(998)	1,222	926	(782)	273
Impact on IAS 19 surplus on 31 December 2024	(96)	130	78	(70)	39

[1]The effect of assuming all members in the scheme were one year younger.

It is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be extrapolated or interpolated from these results.

Maturity profile of the defined benefit obligation
The discounted scheme liabilities have an average duration of 12 years (*2024: 12 years*) in ASPS, 12 years (*2024: 13 years*) in FPPS, and 12 years (*2024: 12 years*) in the RAC scheme. The expected undiscounted benefits payable from the ASPS, is shown in the chart below:

Undiscounted benefit payments (£m)



(iv) Risk management and asset allocation strategy

As noted above in note 14(a), the long-term investment objectives of the trustees and the employers are to limit the risk of the assets failing to meet the liabilities of the schemes over the long term, and to maximise returns consistent with an acceptable level of risk so as to control the long-term costs of these schemes. To meet those objectives, the schemes' assets are invested in a portfolio consisting primarily of debt securities as detailed in section (b)(ii). The investment strategy continues to evolve over time and is expected to match to the liability profile closely with swap overlays to improve interest rate and inflation matching. The schemes are generally matched to interest rate risk relative to the funding bases.

The High Court ruling in June 2023, along with the subsequent appeal in July 2024, ruled that certain past amendments made to the rules of defined benefit schemes that contracted out of the state second pension are invalid without an actuarial confirmation under the Pension Schemes Act 1993. The Company commenced work during 2024 to determine the impact of the court rulings on its main UK defined benefit pension schemes (and any predecessor schemes) and has identified the relevant amendments between 6 April 1997 and 5 April 2016. For some of the more material amendments impacting the Company's main schemes, initial analysis suggests appropriate actuarial engagement took place. It is not possible to quantify the impact of the ruling, if any, at this stage; however, further work will be performed following the outcome of the *Verity Trustees Ltd v Wood* hearing, which is expected to provide further legal clarity on the level of actuarial engagement necessary to evidence validation of amendments during the contracted out period.

The Pension Schemes Act 2026 that was enacted on 29 April 2026 gives pension schemes affected by the High Court ruling the ability to retrospectively validate amendments by obtaining written actuarial confirmation that historical benefit changes met the necessary standards. The Company continues to monitor developing practice in this area and the legal proceedings of related cases. The calculation of the defined benefit obligation for UK schemes presented in section (a) is based on the pension benefits currently being administered and remains appropriate based on the review performed during 2024.

ASPS

The Company works closely with the trustee, who is required to consult it on the investment strategy. Interest rate and inflation risks are managed using a combination of liability-matching assets and swaps. Exposure to equity risk has reduced over time and credit risk is managed within risk appetite. Currency risk is relatively small and is largely hedged. The other principal risk is longevity risk. This risk has reduced due to the ASPS entering into a longevity swap in 2014 covering approximately £2.9 billion of pensioner in payment scheme liabilities.

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Since October 2019 the ASPS completed multiple bulk annuity buy-in transactions with Aviva Life & Pensions UK Limited, a Group Company. These transactions have covered approximately £3 billion of liabilities related to deferred pensioners and current pensioners, removing the investment and longevity risk for these members from the scheme.

Other schemes

The RAC Scheme and FPPS are considerably less material but their risks are managed in a similar way to those in the main UK scheme. During 2024, the RAC pension scheme completed a bulk annuity buy-in with Aviva Life & Pensions UK Limited, a Group Company covering the liabilities of all scheme members.

(v) Funding

Formal actuarial valuations normally take place every three years and where there is a deficit, the Group and the trustees would agree a deficit recovery plan. The assumptions adopted for triennial actuarial valuations are determined by the trustees and agreed with the Company and are normally more prudent than the assumptions adopted for IAS 19 purposes, which are best estimate.

For the ASPS, the latest formal actuarial valuation was completed with an effective date of 31 March 2024 and showed that the ASPS was fully funded on its technical provisions basis consistent with the requirements of the UK pension regulations.

No employer deficit contributions are expected to be paid during 2026.

(c) Defined contribution (money purchase) section of the ASPS

The trustees have responsibility for selecting a range of suitable funds in which the members can choose to invest and for monitoring the performance of the available investment funds. Members are responsible for reviewing the level of contributions they pay and the choice of investment fund to ensure these are appropriate to their risk appetite and their retirement plans. Members of this section contribute at least 2% of their pensionable salaries, and depending on the percentage chosen up to 8%, the Company contributes up to 14%, together with the cost of the death-in-service benefits. In addition, for every 1% additional employee contribution over 8% of pensionable salaries, the Company contributes an additional 0.1% employer contribution. The amount recognised as an expense for defined contribution schemes is shown in section (d) below.

(d) Credits or charges to staff costs in the income statement

The total pension costs of the pension schemes borne by, and the amounts credited in, the Company were:

	Note	**2025**	2024
		£m	£m
Other pension costs	2	**(10)**	(7)
Defined benefit sections	2	**(28)**	(25)
Defined contribution sections	2	**(230)**	(192)
Total pension costs		**(268)**	(224)
Less: Amounts recharged to operating businesses		**256**	204
Net charge to the income statement		**(12)**	(20)

The Company has not paid any deficit contributions to either the ASPS or RAC during 2025 *(2024: £nil)*. The Company has paid deficit contributions to the FPPS during 2025 totalling £5 million (*2024: £5 million*).

(e) Guarantees in respect of pension schemes

Aviva Group Holdings Limited (AGH), a fellow group company, has provided a guarantee in respect of the ASPS, RAC and FPPS pension schemes covering the employing Company's performance obligations up to the full cost of buying out the entire scheme liabilities with a third party insurance company should this be necessary.

15. Payables and other financial liabilities

	Note	**2025**	2024
		£m	£m
Due to fellow Group companies	19(a)(ii)	**109**	129
Other payables including other taxes and social security		**36**	29
Total as at 31 December		**145**	158
Expected to be settled within one year		**145**	158
Total as at 31 December		**145**	158

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

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16. Provisions

(a) Carrying amounts

	2025 £m	2024 £m
Provision for holiday pay	**6**	5
Total as at 31 December	**6**	5

(b) Movement in provisions

	2025 £m	2024 £m
As at 1 January	**5**	4
Increase in provision	**1**	1
As at 31 December	**6**	5

17. Statement of cash flows

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

	Note	2025 £m	2024 £m
Profit before tax		**17**	22
Adjustments for:			
Pension cost charged to income statement	14(b)(i)	**28**	25
Net investment income on pension scheme	14(b)(i)	**(29)**	(42)
Net gain on pension scheme		**(1)**	(17)
Equity compensation plans	2(a)	**(2)**	8
Changes in working capital:			
Decrease/(increase) in receivables and other financial assets		**22**	(24)
(Decrease)/increase in payables and other financial liabilities		**(13)**	24
Increase in provisions		**1**	1
		10	1
Pension contributions paid	14(b)(i)	**(14)**	(13)
Taxation received		**5**	3
Total cash generated from operating activities		**15**	4

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

	2025 £m	2024 £m
Cash at bank and in hand	**55**	40
Total at 31 December	**55**	40

18. Risk management

Risk Environment

Macroeconomic risk has been elevated throughout 2025. Interest rates remain high and trade policy developments have introduced new risks to global supply chains and pricing dynamics. Momentum in global growth has softened, with analysts highlighting the impacts of geopolitical tensions, protectionist trade measures and financial market vulnerabilities.

There are a significant number of ongoing regulatory developments, and we have also increased the protection level of anti-malware and cyber incident security controls in response to the heightened threat of malware and ransomware attacks across the world.

(a) Risk management framework

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

The Company's risk management approach is proportionate to its activities as the employing company for staff of the Group in the UK. It does not provide any services to third parties. The key risks specific to the Company are reviewed by the Company's management at least annually.

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

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

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

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

(b) Credit risk

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

The Company's approach to managing credit risk recognises that there is a risk of adverse financial impact resulting from fluctuations in credit quality of counterparties including default and rating transition. The Company's credit risks arise principally through exposures to internal counterparties.

The Company's management of credit risk includes implementation of credit risk management processes (including limits frameworks), the operation of specific risk management committees, and detailed reporting and monitoring of exposures against pre-established risk criteria.

(i) Financial exposures to Group companies

The Company's financial assets are largely amounts due from fellow Group companies. The credit risk arising from Group counterparties failing to meet all or part of their obligations is considered remote. This includes the transactions entered into by the ASPS with Aviva Life & Pensions UK Limited, referred to below. Although the Company is not a counterparty to the transactions any failure of Aviva Life & Pensions UK Limited to fulfil its obligations would adversely impact the pension surplus / deficit recognised on the Company's balance sheet. Aviva Life & Pensions UK Limited has an external S&P insurer financial strength rating of AA-. Due to the nature of the intra-group receivables, and the fact that these are settled, and not traded, the Company is not exposed to the risk of changes to the market value caused by changing perceptions of the creditworthiness of such counterparties.

ASPS

The Company works closely with the trustee, who is required to consult it on the investment strategy. Interest rate and inflation risks are managed using a combination of liability-matching assets and swaps. Exposure to equity risk has reduced over time and credit risk is managed within risk appetite. Currency risk is relatively small and is largely hedged. The other principal risk is longevity risk. This risk has reduced due to the ASPS entering into a longevity swap in 2014 covering approximately £2.9 billion of pensioner in payment scheme liabilities.

Since October 2019 the ASPS completed several bulk annuity buy-in transactions with Aviva Life & Pensions UK Limited, a Group Company. These transactions have covered approximately £3 billion of liabilities related to deferred pensioners and current pensioners, removing the investment and longevity risk for these members from the scheme.

Other schemes

The RAC scheme and FPPS are considerably less material but their risks are managed in a similar way to those in ASPS. During 2024, the RAC pension scheme completed a bulk annuity buy-in with Aviva Life & Pensions UK Limited, a Group Company covering the liabilities of all schemes. Refer to note 19(a)(iv).

(ii) Financial exposures by credit ratings

The Company's maximum exposure to credit risk of financial assets is represented by the carrying amount of assets included in the statement of financial position.

Receivables include amounts due from its parent and other group companies of £215 million (*2024: £236 million*) and as such the Company gains some reassurance as to the recoverability of these amounts due from the credit worthiness of the Group's ultimate parent, Aviva plc, which has an external S&P issuer credit rating of A. Refer to note 19.

The Company is exposed to movements in the value of the pension scheme assets due to credit defaults and changes in counterparty creditworthiness, and in the value of pension scheme liabilities due to changes in the credit spread of AA-rated corporate bonds, which comprise the benchmark rate used to discount pension scheme liabilities.

(iii) Calculation of expected credit losses

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

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

There are no financial assets past due or impaired in either 2025 or 2024.

(iv) Modification of contractual cash flows that have not resulted in derecognition

There have been no significant modifications of contractual cash flows on any of the Company's financial assets during the year.

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(c) Market risk

Market risk is the risk of adverse financial impact resulting directly or indirectly from fluctuations in interest rates, inflation, and foreign currency exchange rates. Market risk arises due to fluctuations in both the value of liabilities and the value of investments held.

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

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

(i) Pension scheme discount rate

The discount rate applied to the Company's pension scheme liabilities is based on the current average yields of AA-rated corporate bonds taking into account the maturities of the liabilities. The unwind of the discount is recognised in investment income. As such the Company's total pension liability and investment income is exposed to fluctuations in the market yield of the benchmark debt instruments, which determine the discount rate.

(ii) Pension scheme assets

The Company is exposed to movements in the value of its pension scheme assets due to fluctuations in interest rates, equity prices, property prices and foreign currency exchange rates, as well as any impact from relevant legislative changes. Further details of assets and liabilities of the pension scheme are set out in note 14.

(d) Liquidity risk

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

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

The Company's cash resources are held in a pooled banking arrangement with its parent, Aviva Central Services UK Limited, and fellow group company, Aviva Insurance Limited (AIL), whereby the group participating companies are able to draw down on the cash resources in the pool for short term investment or to fund payments. In extreme circumstances, the Company would approach the Group for additional short-term borrowing whilst the Company liquidated other assets. The Group maintains significant undrawn committed borrowing facilities of £1,700 million (*2024: £1,700 million*) from a range of leading international banks to mitigate this risk further. A proportion of these borrowing facilities are allocated to cover commercial paper in issuance.

Maturity analysis

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

(i) Analysis of maturity of liabilities

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

	Note	**On demand or within 1 year**	**2025 Total**
		£m	**£m**
Payables and other financial liabilities[1]	15	**109**	**109**
Provisions	16	**6**	**6**
		115	**115**

	Note	On demand or within 1 year	2024 Total
		£m	£m
Payables and other financial liabilities[1]	15	129	129
Provisions	16	5	5
		134	134

[1]Payables and other financial liabilities excludes other payables.

The liabilities above are analysed in accordance with the earliest possible redemption date of the instrument.

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Notes to the financial statements continued

(ii) Analysis of maturity of financial assets

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

	Note	**On demand or within 1 year**	**2025 Total**
		£m	**£m**
Receivables and other financial assets	9	**216**	**216**
Cash and cash equivalents	17	**55**	**55**
		271	**271**

	Note	On demand or within 1 year	2024 Total
		£m	£m
Receivables and other financial assets	9	238	238
Cash and cash equivalents	17	40	40
		278	278

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

(e) Other risks affecting pension scheme liabilities

In addition to market risks, other risks affecting assumptions used to calculate pension scheme liabilities are retail / consumer price inflation, general wage inflation and longevity.

The risk of general wage inflation is limited to a small amount of guaranteed minimum pension benefits that increase in line with national average earnings.

Longevity risks impact the mortality assumptions used to calculate pension scheme liabilities.

Further details on the assumptions used to calculate pension scheme liabilities are set out in note 14.

(f) Operational risk

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

The Company's principal operational risks relate to the employment of people and payment of their salaries and benefits, including deduction and payment of payroll taxes and pension contributions.

The Company manages its operational risks using the Group-wide operational risk framework. 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.

(g) Risk and capital management

The Company's capital risk is determined with reference to the requirements of the Company's stakeholders. In managing capital, the Company seeks to maintain sufficient, but not excessive, financial strength to support the requirements of stakeholders. The sources of capital used by the Company are equity shareholders' funds. At 31 December 2025 the Company had £667 million (*2024*: £529 million) of total capital employed.

19. Related party transactions

The Company acts as the principal employing company for staff in the Group in the United Kingdom. The Company had the following transactions with related parties, which include parent companies, subsidiaries and fellow group companies, in the normal course of business.

(a) The Company had the following related party transactions

(i) Services provided and expenses recharged to related parties

	Income earned in the year	**2025 Receivable at year end**	Income earned in the year	2024 Receivable at year end
	£m	**£m**	£m	£m
Parent	**1,546**	**106**	1,314	127
Fellow Group companies	**80**	**109**	66	109
	1,626	**215**	1,380	236

Income earned in the year relates to the provision of staff and associated services.

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(ii) Services provided and expenses recharged by related parties

	2025		2024	
	Expenses incurred in the year	**Payable at year end**	Expenses incurred in the year	Payable at year end
	£m	**£m**	£m	£m
Fellow Group companies	**10**	**106**	7	128
Group employee pension schemes	**258**	**3**	217	1
	268	**109**	224	129

Expenses incurred in the year relate to pension costs (see note 14(d)) and profit sharing and incentive plans costs.

(iii) Audit fees

There were no non-audit fees paid to the Company's auditors during the year *(2024: £nil)*. Audit fees as described in note 6 are borne by the Company's ultimate parent, Aviva plc.

(iv) Pension buy-in

There were no buy-in transactions completed by the pension schemes with Group companies during 2025. In 2024, one bulk annuity buy-in transaction was completed by the RAC Scheme with Aviva Life & Pensions UK Limited (AVLAP), a Group company. Total premiums of £1,323 million were paid by the scheme to AVLAP, with total plan assets of £1,018 million being recognised, with the difference between the plan asset recognised and the premium paid being recognised as an actuarial loss through Other Comprehensive Income.

(b) Key management compensation

Key management, which comprises the directors of the Company, are not remunerated directly for their services as directors of the Company and the amount of time spent performing their duties is incidental to their role across the Group. The majority of such costs are borne by the Company and are recharged to the ultimate parent entity, Aviva plc. Refer note 5 for details of directors' remuneration.

(c) Parent entity

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

(d) Ultimate parent entity

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

20. Subsequent events

There are no subsequent events to report except for the draft Leasehold and Commonhold Reform Bill announced on 27 January 2026 as disclosed in the Pension surpluses note (14(b)(ii)), which could reduce the fair value of residential properties held in scheme assets if the Bill is enacted as proposed.