Docusign Envelope ID: BA58715D-F6E1-8F42-8024-1E691A0F5CFF

The Lancashire and Yorkshire Reversionary Interest Company Limited

Registered in England and Wales No. 19770

Annual Report and Financial Statements 2025

Docusign Envelope ID: BA58715D-F6E1-8F42-8024-1E691A0F5CFF

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Directors and officer

Directors

E Raper
O Stowe

Officer - Company Secretary

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

Registered office

Aviva
Wellington Row
York
YO90 1WR

Company Number

Registered in England and Wales: No. 19770

Other information

The Lancashire and Yorkshire Reversionary Interest Company Limited ("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 Lancashire and Yorkshire Reversionary Interest Company Limited (the Company) for the year ended 31 December 2025.

Review of the Company's business

Principal activities

The Company is a limited liability company incorporated under the laws of England and Wales. The principal activity of the Company was the purchase of, and secured lending on, life interests and reversions. The Company is no longer open to new business.

The Company is a wholly owned subsidiary of Aviva Life & Pensions UK Limited (UKLAP) and operates as part of the Aviva plc group of companies (the Group). Further information is contained in the 2025 financial statements of Aviva plc. The Company's ultimate parent and controlling company is Aviva plc.

Significant events

There were no significant events in the year.

Financial position and performance

Revenue generated for the year was £234,000 (*2024: £301,000*)

Total operating expenses incurred were £40,000 for 2025 *(2024: £40,000)*.

Total equity decreased by £36,000 *(2024: decreased by £224,000)*, reflecting a dividend payment of £150,000 offset by a profit for for the year £114,000 *(2024: dividend payment of £350,000 offset by profit for the year of £126,000)*.

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

Our Stakeholders

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

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

The Board has established its awareness of the likely consequences on its long-term decision as part of its consideration of Aviva's Group strategy, and the strategy of Aviva's Insurance, Wealth & Retirement ('IWR') business in which the company operates. As part of these strategic decisions, the Board considered the industry and market and the potential impact on stakeholders.

Our Section 172(1) Statement above sets out our approach on how our directors have performed their statutory duty. Our's Board's activities section provides further information on key decisions taken in 2025, including how stakeholder views and inputs have been factored into the Board's decision making.

Details of how we engaged with our different groups of stakeholders during 2025 can be found on the following pages.

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Strategic report (continued)

Our people
Our people's wellbeing and commitment to serving our customers are the foundations for our performance.

How we have engaged

- The Company has no employees. The majority of staff engaged in the activities of the Company are employed by fellow subsidiary undertakings of Aviva plc. As part of the Aviva Group, these staff enjoy the benefit of the Aviva Group policies and benefits made available to them.
- The Company always aims to provide an inclusive working environment where talent is developed, performance is rewarded, support is provided and our differences are valued.
- Our people have the opportunity to share in the business's success as shareholders through membership of our global share plans. All Employees are eligible for our global share plans.

Focus during the year

- The Group focused on culture, conduct, and capability themes identified through Group workforce reporting, including insight from colleague surveys, regulatory feedback and risk updates.

Outcomes and actions during the year

- Aviva plc Board updated the Diversity, Equity and Inclusion Statement to reflect its commitment to diversity and inclusion initiatives.
- The Voice of Aviva 2025 survey engagement was the highest it has ever been at 92%.

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

How we have engaged

- The IWR Business closely monitors customer metrics and engages with the leadership team to understand the issues if performance does not meet customers' expectations.
- The Company's parent entity, Aviva Life & Pensions UK Limited (UKLAP), is supported by a Conduct Committee to enable it to monitor customer metrics, the Board can escalate any matter it feels necessary to the Conduct Committee for further scrutiny.

Focus during the year

- The Group monitored and responded to the impact that inflationary pressures exerted on our customers.

Shareholders
Our retail and institutional shareholders are the owners of the Company's ultimate parent, Aviva plc.

How we have engaged

- The Company's 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. Additionally, members of the Aviva plc board can attend the Company's Board meetings by invitation.
- The 2025 Aviva plc AGM took place in Bristol, which gave the Group Board an opportunity to meet local retail shareholders.

Focus during the year

- The Group aims to ensure that shareholders understand our strategy and business model.

Outcomes and actions during the year

- As a result of positive feedback received from shareholders regarding hosting the Aviva plc AGM outside of London, the Group Board decided to hold the 2026 AGM in York providing another opportunity to meet local retail shareholders.

Communities
We recognise the importance of contributing to our communities through volunteering, community investment, and long term partnerships

How we have engaged

- The Aviva plc Board received updates on the Aviva Foundation and Aviva partnerships with third sector organisations including Citizens Advice, and our community programmes, including the Aviva Community Fund, where we support community investment projects aligned to our values.
- The Aviva plc Customer and Sustainability Committee received regular updates on the progress of Aviva's Sustainability Ambition throughout 2025 with the Committee Chair providing an update on matters discussed at each Aviva plc Board meeting.

Outcomes and actions during the year

- Employees across the Group were offered the opportunity to volunteer their time to support charities and organisations.
- Aviva has committed over £11m to Citizen's Advice since 2022, including £4m pledged in 2025 to meet unprecedented demand. The Group has also committed over £4.5m to the Money Advice Trust since 2022, including a new pledge of £2.5m during the year

Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva plc and these are shown in the Group 2025 Annual Report and Accounts. The Company will work with the Group to support the implementation of these strategies.

The strategic direction of the Company is set by the directors of the Company. The directors consider that the Company's principal activities will continue unchanged for the foreseeable future.

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Strategic report (continued)

Principal risks and uncertainties

The Company is exposed to financial risk through its financial assets and liabilities in the ordinary course of its business. It is also exposed to operational risk of loss resulting from internal processes, people and systems, or from external events.

The Company is indirectly exposed to market risk as it has an interest in the underlying trust assets, and income receivable may be affected by the value of those underlying investments. To reduce the risk that income receivable is not sufficient to recover the initial cost of the Company's investment, the Company has taken out life insurance policies for all life interest customers. The principal risk facing the Company remains credit risk, should counterparties fail to meet all or part of their obligations in a timely fashion.

The Company uses a number of metrics to measure, monitor and manage risks and a fuller explanation of these risks can be found in note 12 to the financial statements.

Key performance indicators (KPIs)

Revenue represents gross receipts from life interests, including interest on loans. Income for the year has decreased by 22% to £234,000 *(2024: £301,000)*. The downward movement is driven by lower income receipts from fallen in cases of £79,000 in 2025 *(2024: £131,000)* and lower revenue from life interests and loans, which has decreased to £140,000 in 2025 *(2024: £149,000)*. The movement is in line with expectations as the business is in run-off and the number of remaining policies is falling year on year.

Profit for the year is £114,000 *(2024: £126,000)*. Total equity has decreased by £36,000 *(2024: decreased by £224,000)*, reflecting a £150,000 dividend offset by the profit for the year of £124,000.

By order of the Board on 6 August 2026

Signed by:
Claire Phillips
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Claire Phillips
Aviva Company Secretarial Services Limited
Company Secretary

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Directors' report

The directors present their annual report and financial statements for The Lancashire and Yorkshire Reversionary Interest Company Limited (the Company) for the year ended 31 December 2025.

Directors

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

On 10 June 2026, C Ross resigned as a director of the Company.

Dividends

A dividend of £150,000 was paid on 1 July 2025 *(2024: £350,000)*.

Going concern

The Company's business activities, performance and position are set out in the Strategic Report, which includes a section describing the principal risks and uncertainties. In addition, the financial statement include notes on the Company's management of its risks, including market, credit and liquidity risk (note 11).

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of twelve months from the date of approval of the financial statements. For this reason, they continue to adopt, and to consider appropriate, the going concern basis in preparing the financial statements. Details of financial risk management are discussed in the principal risks and uncertainties section of the Strategic Report on page 5.

Future developments

Details of future development are discussed in the future outlook section of the Strategic Report on page 5.

Employees

The Company has no employees (*2024: nil*). The majority of staff are employed by a fellow subsidiary undertaking of Aviva plc, Aviva Employment Services Limited (AES), who make a management charge for services, including the provision of staff to the Company. It is not possible to ascertain separately the element of the management charge that relates to staff costs.

Qualifying indemnity provisions

Aviva plc, the Company's ultimate parent, granted in 2004 an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985, which continue to apply in relation to any provision made before 1 October 2007. This indemnity is a "qualifying third party indemnity" for the purposes of s309A to s309C of the Companies Act 1985. These qualifying third party indemnity provisions 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 s234 of the Companies Act 2006.

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Directors' report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

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

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 in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- 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 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 company's financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

By order of the Board on 6 August 2026

Signed by:
Claire Phillips
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Claire Phillips
Aviva Company Secretarial Services Limited
Company Secretary

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Accounting policies

The Company is a private company limited by shares and domiciled in the United Kingdom (UK). The Company was involved in the purchase of, and secured lending on, life interests and reversions. 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 presentation

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

The financial statements have been prepared on the going concern basis.

The financial statements are stated in pounds sterling, which is the Company's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£'000).

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
*I*n 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 is effective for annual reporting periods 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.

(B) Critical accounting estimates and judgements

The preparation of the Company's financial statements, in accordance with IFRS, requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. There are no major areas of judgement on policy application for the Company.

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. There are no items considered to be particularly susceptible to changes in estimates and assumptions for the Company.

(C) Revenue

Revenue represents gross receipts from life interests, including interest on loans. The basis of recognition of revenue is as follows:

Life interests - when they become receivable

Interest on loans - on an accruals basis.

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Accounting policies (continued)

(D) Cost of sales

Cost of sales represents report fees and costs, life insurance premiums payable, management fees and the value of derecognised investments in relation to fallen in cases. All cost of sales are recognised on a payable basis with the exception of derecognised investments which are recognised on confirmation of the death of the policy holder.

(E) Interest receivable and similar income

Interest income is recognised as it accrues.

(F) Investments

Investments with fixed or determinable payments and where repayments consist solely of principal and interest are carried at amortised cost using the effective interest rate method. Other investments are classified as mandatorily held at fair value through profit and loss. For these investments the carrying value is equal to cost, being a reasonable approximation of fair value. The Company does not intend to dispose of these investments.

Investments are derecognised and treated as realisations when the right to receive cash flows from the asset has expired. These are included within cost of sales in the income statement.

Investments are assessed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, should for example the value of the asset on which the loan is secured ever fall below the loan amount. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Impairments in value are charged to the income statement.

(G) Receivables and payables

The classification and measurement of financial assets, including receivables, is driven by an assessment of the Company's business model for managing financial assets, and the extent to which the financial assets' contractual cash flows are solely payment of principal and interest. Based on the outcome of this assessment, receivables are initially recognised at the transaction price, with subsequent measurement being at amortised cost.

The Company calculates expected credit losses for all financial assets held at either amortised cost or fair value through other comprehensive income. Expected credit losses are calculated on either a 12-month or lifetime basis depending on the extent to which credit risk has increased significantly since initial recognition. The Company makes use of a simplified approach for trade receivables such that expected credit losses are always calculated on a lifetime basis.

Payables are initially recognised at their fair value, with subsequent measurement being at amortised cost.

(H) Statement of cash flows

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

(I) Income taxes

The current tax expense is based on the 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.

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Accounting policies (continued)

(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:

a. 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

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

Dividends

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

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Income statement

For the year ended 31 December 2025

	Note(s)	2025 £'000	2024 £'000
Income			
Revenue	C	**234**	301
Cost of sales	D	**(71)**	(135)
Gross profit		**163**	166
Expenses			
Operating expenses	1	**(40)**	(40)
Profit before tax		**123**	126
Tax charge	I & 2	**(9)**	—
Profit for the year		**114**	126

The Company has no other comprehensive income *(2024: nil)*.

The accounting policies (identified alphabetically) on pages 9 to 11 and notes (identified numerically) on pages 16 to 19 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(s)	Ordinary share capital £'000	Retained Earnings £'000	2025 Total Equity £'000
Balance at 1 January		**462**	**249**	**711**
Profit for the year	5	**—**	**114**	**114**
Dividends paid		**—**	**(150)**	**(150)**
Balance at 31 December		**462**	**213**	**675**

	Note(s)	Ordinary share capital £'000	Retained Earnings £'000	2024 Total Equity £'000
Balance at 1 January		462	473	935
Profit for the year	5	**—**	126	126
Dividends paid		**—**	(350)	(350)
Balance at 31 December		462	249	711

The accounting policies (identified alphabetically) on pages 9 to 11 and notes (identified numerically) on pages 16 to 19 are an integral part of the financial statements.

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Statement of financial position

As at 31 December 2025

	Note(s)	2025	2024
		£'000	£'000
Assets			
Investments	F & 3	**260**	325
Tax assets	I & 6	**3**	3
Receivables	G & 7	**380**	240
Prepayments and accrued income	G & 8	**71**	143
Cash and cash equivalents	H & 10	**1**	—
Total assets		**715**	711
Equity			
Ordinary share capital	J & 4	**462**	462
Retained earnings	5	**213**	249
Total equity		**675**	711
Liabilities			
Payables and other financial liabilities	G & 9	**40**	—
Total liabilities		**40**	—
Total equity and liabilities		**715**	711

Audit exemption statement

For the year ended 31 December 2025, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board of directors on 6 August 2026 and signed on its behalf by:

DocuSigned by:
Oliver Stowe
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O Stowe

Director

The accounting policies (identified alphabetically) on pages 9 to 11 and notes (identified numerically) on pages 16 to 19 are an integral part of the financial statements.

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Statement of cash flows

For the year ended 31 December 2025

	Note(s)	2025	2024
		£'000	£'000
Cash flows from operating activities			
Cash generated from operating activities	10	**151**	350
Net cash generated from operating activities		**151**	350
Cash flows from financing activities			
Dividends paid	5	**(150)**	(350)
Net cash used in financing activities		**(150)**	(350)
Net increase in cash and cash equivalents		**1**	—
Cash and cash equivalents at 1 January		**—**	—
Cash and cash equivalents at 31 December	10	**1**	—

The accounting policies (identified alphabetically) on pages 9 to 11 and notes (identified numerically) on pages 16 to 19 are an integral part of the financial statements.

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Notes to the financial statements

1. Operating expenses

Under a management agreement Aviva Life Services UK Limited (UKLS), a fellow group undertaking, supplies and makes charges for the provision of operational assets and staff to the Company. The agreement specifies the amounts payable to UKLS which are shown in note 13(b).

Directors' emoluments

All directors were remunerated by Aviva Employment Services Limited (AES), a fellow subsidiary of the ultimate parent company, Aviva plc. The emoluments are recharged, as part of a head office management charge under management service agreements, to all operating divisions of the Aviva Group. No direct recharge has been made to the Company in respect of these emoluments as these directors were not primarily remunerated for their services to the Company. Accordingly, no emoluments are disclosed in respect of these directors.

2. Tax charge

(a) Tax charged to the income statement

The total tax charge comprises:

	2025 £'000	2024 £'000
Current tax		
For the year	(9)	—
Total tax charged to the income statement	**(9)**	—

(b) Tax reconciliation

The tax on the Company's profit before tax differs from *(2024: differs from)* the theoretical amount that would arise using the tax rate in the United Kingdom as follows:

	2025 £'000	2024 £'000
Total profit before tax	**123**	126
Tax calculated at standard UK corporation tax rate of 25% *(2024: 25%)*	**(31)**	(32)
Surrender of tax losses from Group undertakings for no charge	**22**	32
Total tax charged to the income statement	**(9)**	—

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.

3. Investments

Carrying amounts	**Life Interests**	**Loans and interest outstanding**	**Total**
	£'000	**£'000**	**£'000**
Balance at 1 January 2024	384	69	453
Realisations	(128)	—	(128)
Balance at 31 December 2024	**256**	**69**	**325**
Realisations	(68)	—	(68)
Additions	—	3	3
Balance at 31 December 2025	**188**	**72**	**260**

For life interest cases the Company purchased the right to all or part of a set amount of income due from portfolios of assets held in trust (based on an estimate of the yield from the portfolio within the trust and estimated lifespan of the client). The Company receives this income over the lifetime of the client.

Loan balances are secured against assets. These balances accrue and compound interest, which is repaid in its entirety on death from the residual estate of the client. The value of one of the loans, plus accrued interest, is now higher than the assets upon which it is secured and the loan value was therefore impaired again during 2020. No further impairment was required for either current or prior year.

All investments are considered to be recoverable in more than one year due to the uncertainty surrounding the timing of derecognition.

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Notes to the financial statements (continued)

4. Ordinary share capital

Details of the ordinary share capital of the Company at 31 December are as follows:

	2025 £'000	2024 £'000
The allotted, called up and fully paid share capital of the Company was:		
50,000 *(2024: 50,000)* ordinary shares of £9.25 each	**462**	462

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.

5. Retained earnings

	2025 £'000	2024 £'000
Balance at 1 January	**249**	473
Profit for the year	**114**	126
Dividend of £3.00 per share (2024: £7.00 per share)	**(150)**	(350)
Balance at 31 December	**213**	249

6. Tax assets

(a) General

Current tax assets recoverable in more than one year are £nil *(2024: £3,000)*.

(b) Deferred tax

The Company had no recognised or unrecognised deferred tax amounts at the year end *(2024: £nil)*.

7. Receivables

	2025 £'000	2024 £'000
Amounts owed by group undertakings	**380**	240

Of the above total, £nil *(2024: £nil)* is expected to be received more than one year after the statement of financial position date.

8. Prepayments and accrued income

	2025 £'000	2024 £'000
Accrued life insurance income	**71**	131
Accrued other income	**—**	12
Balance at 31 December	**71**	143

Of the above total, £nil *(2024: £nil)* is expected to be received in more than one year after the statement of financial position date.

9. Payables and other financial liabilities

	2025 £'000	2024 £'000
Amounts owed to group undertakings	**40**	—

Of the above total, £nil *(2024: £nil)* is expected to be paid more than one year after the statement of financial position date.

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Notes to the financial statements (continued)

10. Statement of cash flows

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

	2025 £'000	2024 £'000
Profit before tax	**123**	126
Changes in working capital:		
(Increase)/decrease in in receivables	**(140)**	213
Decrease/(increase) in prepayments and accrued income	**72**	(117)
Increase in payables and other financial liabilities	**31**	—
Net movement of operating assets:		
Investments	**65**	128
Total cash generated from operating activities	**151**	350

Cash and cash equivalents held at 31 December 2025 was £700 *(2024: £nil)*.

11. Capital

In managing its capital, the Company seeks to:

- Maintain sufficient, but not excessive, financial strength to satisfy the requirements of its customers;
- Retain financial flexibility by maintaining liquidity; and
- Allocate capital efficiently and to repatriate excess capital where appropriate.

The Company manages total equity of £675,000 *(2024: £711,000)* as capital.

The Company is not subject to any externally imposed capital requirements.

The Company also complies with Group mandated Capital Management Risk Standards which include the setting of risk appetites which are designed to give some buffer against adverse events when compared with minimum solvency. These appetites define what action should be taken by management where the actual capital level is above or below the desired target level.

12. Risk management

(a) Risk management framework

The Aviva Group operates a risk management framework (RMF) that forms an integral part of the management and Board processes and decision-making 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 used to identify, measure, manage, monitor and report ("IMMMR") risks.

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

(b) Market risk

Market risk is the risk of loss or adverse change in the financial situation (including the value of assets, liabilities and income) resulting, directly or indirectly, from fluctuations in the level or the volatility of market variables, such as interest rates, foreign exchange rates, equity, property and commodity prices.

The Company is indirectly exposed to market risk as it has an interest in the underlying trust assets, and income receivable may be affected by the value of those underlying investments. Independent trustees are responsible for maintaining the trust assets in accordance with the trustee agreements. To reduce the risk that income receivable is not sufficient to recover the initial cost of the Company's investment, the Company has taken out life insurance policies for all life interest customers.

(c) Credit risk

Credit risk is the risk of adverse financial impact resulting from fluctuations in credit quality of third parties, including default, rating transition and credit spread movements.

An assessment is carried out over all categories of financial asset to determine to what extent assets held can be considered to have low credit risk as at the reporting date. In making this assessment, the Company makes use of both internal and external credit risk ratings, along with other qualitative and quantitative factors where external ratings are not available. Where a financial asset is deemed to have low credit risk, it is assumed that the credit risk on the respective assets has not increased significantly since initial recognition.

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Notes to the financial statements (continued)

A financial asset is considered to be in default where contractual payments are past due, or there is objective evidence that the counterparty will be unable to subsequently meet their payment obligations. A financial asset is written off only when all other available measures have been taken to recover amounts due.

Where external credit ratings are available for financial assets, a significant increase in the credit risk of a financial asset is identified where there has been a significant deterioration in the respective credit rating. All financial assets at the reporting date are unrated.

Expected credit losses on material trade receivables and other assets are calculated with reference to the Company's historical experience of losses, along with an analysis of payment terms. 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. Expected credit losses have been calculated where changes in circumstances indicate that the carrying amount of the investment may not be recoverable, should for example the value of the asset on which the loan is secured ever fall below the loan amount.

The following table sets out expected credit losses recognised in the year.

	Expected credit losses relating to investments recognised in year
	£'000
Opening expected credit losses	39
Recognised on instruments during the reporting year	—
Closing expected credit losses	**39**

The carrying amount of assets included in the statement of financial position represents the maximum credit exposure. Credit risk for all life interest customers is mitigated by the life insurance policies referred to in section (b) above. This covers £188,000 of the total £260,000 investment balance.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be in a position to meet its liabilities as they fall due. The nature of the business means that the Company is not exposed to significant liquidity risk.

(e) Sensitivity analysis and capital management

No profit sensitivity analysis has been provided as there is a negligible impact on profit and shareholders' equity of reasonably possible changes in market risk variables.

13. Related party transactions

The members of the Board of Directors are listed on page 3 of these financial statements. There are no amounts receivable from or payments due to members of the Board of Directors.

(a) Income from related parties

During the year the Company received £15,000 *(2024: £20,000)* interest on inter-company balances and £1,000 (*2024: £1,000)* interest on late payment of claims from the parent undertaking.

Amounts receivable at year end were £380,000 *(2024: £240,000)* due from the parent undertaking.

The related party receivables are not secured and no guarantees were received in respect thereof. No provision or expense has been recognised during the year in respect of bad and doubtful debts *(2024: £nil)*.

(b) Services provided by related parties

Under a management agreement UKLS supplies and makes charges for the provision of operational assets and staff to the Company. The agreement specifies the amounts payable to UKLS in respect of these expenses, which were £40,000 *(2024: £40,000)*.

Amounts payable to fellow group undertakings at year end were £40,000 *(2024: £nil)*.

The related party payables are not secured and no guarantees were received in respect thereof.

(c) Key management compensation

No charge is disclosed by the Company for key management personnel as they are key management of a number of fellow subsidiary undertakings and it is not possible to make an accurate apportionment of their compensation in respect or each of the individual subsidiary undertakings.

(d) Parent entity and ultimate controlling entity

The immediate parent undertaking is Aviva Life & Pensions UK Limited, a company incorporated in England.

The ultimate controlling entity, and parent of the largest and smallest groups which consolidate the results of the Company, is Aviva plc. Its Group Financial Statements are available on application to the Group Company Secretary, Aviva plc, 80 Fenchurch Street, London EC3M 4AE, and on the Aviva plc website at www.aviva.com.