

**AVIVA CREDIT SERVICES UK LIMITED**

**Registered in England and Wales: No. 00184857**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2023**

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

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# **Aviva Credit Services UK Limited**

Registered in England and Wales: No. 00184857

## **Directors and officer**

### **Directors**

D Bennett  
D J Martin  
R D Melvin  
T L Gration

### **Officer - Company Secretary**

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

Please note that the Company Secretary's address changed on 27 March 2024, and was previously:

Aviva Company Secretarial Services Limited  
St Helen's  
Undershaft  
London  
EC3P 3DQ

### **Independent auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London, United Kingdom  
SE1 2RT

### **Registered office**

8 Surrey Street  
Norwich  
Norfolk, United Kingdom  
NR1 3NG

# **Aviva Credit Services UK Limited**

Registered in England and Wales: No. 00184857

## **Directors and officer (continued)**

Please note that the Registered office changed on 27 March 2024 and was previously:

St Helen's  
Undershaft  
London  
EC3P 3DQ

## **Company number**

Registered in England and Wales: No. 00184857

## **Other information**

Aviva Credit Services UK Limited ("the Company") is authorised by the Financial Conduct Authority. Its activities are covered by the Financial Ombudsman Service.

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

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Strategic report

For the year ended 31 December 2023

The directors present their strategic report for the Company for the year ended 31 December 2023.

### Review of the Company's business

#### Principal activities

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

#### Significant events

The company's financial results are affected by general economic and market conditions, government policy and legislation.

The following significant event impacted our business during the year:

During the year interim ordinary dividends of £4,000,000 were declared and settled via the intercompany current account to its parent company, AIL.

#### Financial position and performance

The financial position of the Company at 31 December 2023 is shown in the statement of financial position on page 19 and the statement of cash flows on page 20.

The Company's net assets have decreased by £2,465,000 (2022: increased by £1,211,000) due to interim ordinary dividends settled in November 2023 of £4,000,000 (2022: £nil) settled intercompany, offset by the profit for the year after tax £1,535,000 (2022: £1,211,000), which increased from prior year due to growth in premiums in AIL.

#### Section s.172 (1) Statement

We report here on how our Directors have performed their duties under Section 172(1) ('s172') of the Companies Act 2006.

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

Our Board considers it crucial that the Company maintains a reputation for high standards of business conduct. The Board is responsible for establishing, monitoring and upholding the culture, values, standards, ethics and reputation of the Company to ensure that our obligations to our stakeholders are met. The Board monitors adherence to our policies and compliance with local corporate governance requirements and is committed to acting where our business falls short of the standards we expect. Our Board is also focused on the wider social context within which our businesses operate, including those issues related to climate change which are of fundamental importance to the planet's well-being.

#### Our culture

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

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Strategic report (continued)

For the year ended 31 December 2023

### Section s.172(1) Statement (continued)

#### Key strategic decisions in 2023

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

After considering all relevant matters set out under the Companies Act 2006 concerning the payment of dividends, including reviewing the Company's distributable reserves and its ability to pay its debts as they fall due, having regard to the entirety of the Company's business and the actual and contingent liabilities, the Board decided to pay a dividend in 2023.

#### 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.

Our Section 172(1) Statement sets out our approach on how our directors have performed their duty. Our Board's activities section provides further information on key decisions taken in 2023, including how stakeholder views and inputs have been factored into the Board's decision making.

Our Section 172(1) Statement sets out our approach on how our directors have performed their duty. Our Board's activities section provides further information on key decisions taken in 2023, including how stakeholder views and inputs have been

The table below sets out the Board's approach to stakeholder engagement during 2023:

<b>Our people</b> <b>Our people's wellbeing and commitment to serving our customers are the foundations for our performance.</b>	
<b>How we have engaged</b> - 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.	<b>Focus during the year</b> - The Board always aims to provide an inclusive working environment where talent is developed, performance is rewarded, support is provided and our differences are valued.  <b>Outcomes and actions during the year</b> - 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.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Strategic report (continued)

For the year ended 31 December 2023

<b>Customers</b> <b>Understanding what's important to our customers is key to our long-term success</b>	
<b>How we have engaged</b> <ul style="list-style-type: none"><li>- The Board receives regular reporting on customer outcomes and strategic initiatives throughout the year.</li><li>- The Board closely monitors customer metrics and engages with the leadership team to understand the issues if performance does not meet customers' expectations. The Company's parent entity is supported by a Conduct Committee to enable it to monitor customer metrics, and subsequently engage with the senior management to address any issues that may arise from customer complaints, customer feedback and our approach to Customer Best Interest. The Company can escalate any matters it feels necessary to the Conduct Committee for further scrutiny.</li></ul>	<b>Focus during the year</b> <ul style="list-style-type: none"><li>- The Board continues to monitor and respond to the impact that inflationary pressures exerted on our customers.</li><li>- The Board focused on our customer journeys, making it easier and more convenient for customers to interact with us.</li></ul> <b>Outcomes and actions during the year</b> <ul style="list-style-type: none"><li>- The Board continues to monitor and review developments concerning changes to our IT platforms which will allow us to simplify and support service delivery to our customers.</li></ul>
<b>Shareholders</b> <b>Our retail and institutional shareholders are the owners of the Company.</b>	
<b>How we have engaged</b> <ul style="list-style-type: none"><li>- The Company's shareholder is AIL and there is ongoing communication and engagement with the AIL Board. Any matters requiring escalation are escalated by the Board through the Chair to its parent. Additionally, members of the AIL board can attend the Company's Board meetings by invitation.</li></ul>	<b>Focus during the year</b> <ul style="list-style-type: none"><li>- Ensuring shareholders understood our strategy and business model.</li></ul> <b>Outcomes and actions during the year</b> <ul style="list-style-type: none"><li>- The Company paid a dividend worth £4,000,000 to its shareholder AIL via an intercompany settlement.</li></ul>
<b>Regulators</b> <b>As an insurance company, we are subject to financial services regulation and approvals in all the markets we operate in.</b>	
<b>How we have engaged</b> <ul style="list-style-type: none"><li>- The Board engages with its regulators as appropriate.</li><li>- The Company responds to requests for information when required, maintaining constructive and open relationships with the UK regulator.</li></ul>	<b>Focus during the year</b> <ul style="list-style-type: none"><li>- Continued focus on Consumer Duty with training provided to the Board and regular updates from the Consumer Duty Program.</li></ul>

# Aviva Credit Services UK Limited

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## Strategic report (continued)

For the year ended 31 December 2023

<b>Communities</b> We recognise the importance of contributing to our communities through volunteering, community investment, and long term partnerships	
<b>How we have engaged</b> - Our Board supports the community activities of the Aviva Group including the wellbeing proposition for UK employees, the Aviva Communities to help drive greater diversity and inclusivity throughout the organisation and to support colleagues to volunteer in their communities.	<b>Focus during the year</b> - Recognising climate change presents risk and opportunities for customers, communities and business, Aviva is signed up to the United Nations Net-Zero Asset Owner Alliance commitment. As part of the Aviva Group, the Company is committed to Aviva's long-term strategy to reach net zero by 2040, and to support achieving this target the Aviva Group has defined climate risk preferences and operating risk limits.  <b>Outcomes and actions during the year</b> - Employees across the Group were offered the opportunity to volunteer their time to support charities and organisations.

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

### Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva plc and these are shown in the Group 2023 Annual Report and Accounts. The Company will work with the Group to support the implementation of these strategies.

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

### Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Company and the Company's risk management policies are set out in note 12 to the financial statements.



# Aviva Credit Services UK Limited

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## Strategic report (continued)

For the year ended 31 December 2023

### Key performance indicators

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

	<u>2023</u>	<u>2022</u>
	<u>£000</u>	<u>£000</u>
Profit before tax	1,535	1,211
Net assets	2,818	5,283

Profit before tax has increased as explained in the Financial Position and Performance section above.

Net assets have decreased as explained in the Financial Position and Performance section above.

By order of the Board on 11 June 2024



For and on behalf of Aviva Company Secretarial Services Limited  
Company Secretary

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Directors' report

### For the year ended 31 December 2023

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

#### Directors

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

D Bennet was appointed as director of the Company on 18 May 2023

S L Dinley resigned as director of the Company on 30 November 2023

R D Melvin was appointed as director of the Company on 5 March 2024

D J Martin was appointed as director of the Company on 5 March 2024

#### Company Secretary

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

#### Dividend

An interim dividend of £4,000,000 on the Company's ordinary shares was paid to AIL in 2023 (2022: £nil), which was settled via the intercompany current account. The directors do not recommend a final dividend on the Company's ordinary shares for the year ended 31 December 2023 (2022: £nil).

#### Future outlook

Likely future developments in the business of the Company are discussed in the Strategic report on page 6.

#### Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### Financial instruments and financial risk management

The business of the Company includes the use of financial instruments. Details of the Company's risk management objectives and policies and exposures to the risk relating to financial instruments are set out in note 12 to the financial statements.

#### Employees

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

#### Disclosure of information to the auditors

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

- (a) so far as the director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware; and
- (b) each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

# Aviva Credit Services UK Limited

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## Directors' report (continued)

For the year ended 31 December 2023

### Independent auditors

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

### Qualifying indemnity provisions

Aviva plc, the Company's ultimate parent, granted in 2004 an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 (which continue to apply in relation to any provision made before 1 October 2007). This indemnity is a "qualifying third party indemnity" for the purposes of s309A to s309C of the Companies Act 1985. These qualifying third party indemnity provisions were in force during the financial year, and at the date of approving the Directors' report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

The directors also have the benefit of the indemnity provision contained in the Company's articles of association, subject to the conditions set out in the Companies Act 2006. This is a "qualifying third party indemnity" provision as defined by s234 of the Companies Act 2006.

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and Financial Statements 2023 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.

By order of the Board on 11 June 2024



For and on behalf of Aviva Company Secretarial Services Limited  
Company Secretary

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

## Report on the audit of the financial statements

### Opinion

In our opinion, Aviva Credit Services UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

# Aviva Credit Services UK Limited

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## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to

# Aviva Credit Services UK Limited

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which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journals. Audit procedures performed by the engagement team included:

- Review of relevant meeting minutes and discussions with the Board;
- Making inquiries of the Aviva Group Investigations team who are responsible for independently reviewing fraudulent activity across the Aviva group, including fraud and consideration of known or suspected instances of non-compliance with laws and regulation;
- Assessment of matters reported on the Group's whistle-blowing hotline and fraud register and the results of management's investigation of such matters;
- Reading key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Identifying and testing journal entries, in particular journals that appear to be posted outside the normal patterns of business; and
- Designing audit procedures to incorporate unpredictability around the nature or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Deepti Vohra (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

11 June 2024

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Accounting policies

The Company is a limited liability company incorporated and domiciled in the United Kingdom (UK). Its principal activity is the provision of instalment credit and instalment payments administration services in respect of insurance premiums in the UK.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### (A) Basis of preparation

The financial statements of the Company have been prepared and approved by the directors in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006.

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

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

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 adopted by the Company

The company has adopted the following amendments to existing standards, which became from the annual reporting period beginning on 1 January 2023. The amendments do not have a significant impact on the Company's financial statements.

(i) *Amendments to IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies*

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

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

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

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

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

Published by the IASB in January 2020. The amendments are effective for annual reporting beginning on or after 1 January 2024 and have been endorsed by the UK.

(ii) *Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants*

Published by the IASB in October 2022. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and have been endorsed by the UK.

(iii) *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback*

Published by the IASB in September 2022. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and have been endorsed by the UK.

(iv) *Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements*

Published by the IASB in May 2023. The amendments are effective for annual reporting beginning on or after 1 January 2024 and have yet to be endorsed by the UK.

(v) *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*

Published by the IASB in August 2023. The amendments are effective for annual reporting beginning on or after 1 January 2025 and have yet to be endorsed by the UK.

(vi) *Amendments to IFRS 18 Presentation and Disclosure of Financial Statements*

Published by the IASB in April 2024. The amendments are effective for annual reporting beginning on or after 1 January 2027 and have yet to be endorsed by the UK.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Accounting policies (continued)

### (A) Basis of preparation (continued)

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

*(vii) IFRS 19: Subsidiaries without Public Accountability: Disclosures*

Published by the IASB in May 2024. The amendments are effective for annual reporting beginning on or after 1 January 2027 and have yet to be endorsed by the UK.

### (B) Critical accounting policies and the use of estimates

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

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

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

### (C) Revenue recognition

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

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

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

### (D) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses. The Company makes use of the simplified approach when calculating expected credit losses on trade and other receivables and therefore calculates expected credit losses over the lifetime of the instrument in question. Expected credit losses on third party trade receivables and accrued income are calculated with reference to the Company's historical experience of losses, along with an analysis of payment terms. Short term financial assets (where all amounts are receivable within 12 months from the reporting date) do not generally attract an expected credit loss charge, unless there is objective evidence that losses are likely to arise. The Company does not expect any material credit losses on trade receivables with related parties. The amount of the provision is recognised in the income statement.



# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Accounting policies (continued)

### (E) Cash and cash equivalents

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

### (F) Derecognition and offset of financial assets and financial liabilities

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

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

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

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

### (G) 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.

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

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

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

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.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Accounting policies (continued)

### (G) Income taxes (continued)

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.

### (H) Trade and other payables

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

### (I) 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. Where the effect of the time value of money is material, the provision is the present value of the expected expenditure.

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.

### (J) Equity and dividends

#### *Equity instruments*

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

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

#### *Dividends*

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

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Income statement

For the year ended 31 December 2023

	Note	<u>2023</u>	<u>2022</u>
		<u>£000</u>	<u>£000</u>
Revenue		1,535	1,211
<b>Profit for the year before tax</b>		<u>1,535</u>	<u>1,211</u>
Tax	4	-	-
<b>Profit for the year after tax</b>		<u><u>1,535</u></u>	<u><u>1,211</u></u>

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

The accounting policies on pages 13 to 16 and notes on pages 21 to 30 form an integral part of these financial statements.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Statement of changes in equity

For the year ended 31 December 2023

		<b>Ordinary share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	Note	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 January 2022</b>		25	4,047	4,072
Profit and total comprehensive income for the year		-	1,211	1,211
Dividends paid	5	-	-	-
Total movement in the year		-	1,211	1,211
<b>Balance at 31 December 2022</b>		25	5,258	5,283
Profit and total comprehensive income for the year		-	1,535	1,535
Dividends paid	5	-	(4,000)	(4,000)
Total movement in the year		-	(2,465)	(2,465)
<b>Balance at 31 December 2023</b>		25	2,793	2,818

The accounting policies on pages 13 to 16 and notes on pages 21 to 30 form an integral part of these financial statements.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

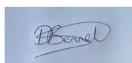
## Statement of financial position

As at 31 December 2023

	Note	2023 £000	2022 £000
<b>ASSETS</b>			
<b>Current assets</b>			
Receivables	6	36,578	26,681
Cash and cash equivalents	11(b)	2,420	6,503
		<u>38,998</u>	<u>33,184</u>
<b>Current liabilities</b>			
Trade and other payables	7	(36,180)	(27,892)
Provision	8	-	(9)
		<u>(36,180)</u>	<u>(27,901)</u>
<b>Net current assets</b>		<u>2,818</u>	<u>5,283</u>
<b>Net assets</b>		<u>2,818</u>	<u>5,283</u>
<b>EQUITY</b>			
Ordinary share capital	10	25	25
Retained earnings		2,793	5,258
<b>Total equity</b>		<u>2,818</u>	<u>5,283</u>

The accounting policies on pages 13 to 16 and notes on pages 21 to 30 form an integral part of these financial statements.

The financial statements on pages 13 to 30 were approved by the Board of Directors on 11 June 2024 and signed on its behalf by:



D Bennett  
Director

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Statement of cash flows

For the year ended 31 December 2023

	Note	<u>2023</u>	<u>2022</u>
		<u>£000</u>	<u>£000</u>
<b>Cash flows from operating activities</b>			
Net cash (used in)/generated from operating activities	11(a)	(4,083)	4,371
<i>Net cash (used in)/generated from operating activities</i>		<u>(4,083)</u>	<u>4,371</u>
Total net (decrease)/increase in cash and cash equivalents		(4,083)	4,371
Cash and cash equivalents at 1 January		<u>6,503</u>	<u>2,132</u>
<b>Cash and cash equivalents at 31 December</b>	11(b)	<u>2,420</u>	<u>6,503</u>

The accounting policies on pages 13 to 16 and notes on pages 21 to 30 form an integral part of these financial statements.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements

### 1. Employee information

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

### 2. Directors' remuneration

The directors are remunerated for their roles as employees across the Group. They are not remunerated directly for their services as directors of this Company and the amount of time spent performing their duties is incidental to their roles across the Group. No cost is borne by the Company for these services (2022: £nil).

During the year, two of the directors exercised share options (2022: one) and four of the directors were granted shares under long term incentive schemes (2022: four) in relation to shares of the Company's ultimate parent company, Aviva plc.

### 3. Auditors' remuneration

The total remuneration payable, excluding VAT, to its auditors, PricewaterhouseCoopers LLP in respect of the audit of these financial statements is shown below.

	<u>2023</u> £000	<u>2022</u> £000
Fees payable for the audit of the Company's financial statements	13	12

There were no 'Other services' provided to the Company by the Company's auditors, PricewaterhouseCoopers LLP.

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

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 4. Tax

(a) There was no tax charged or credited to the income statement in either 2023 or 2022.

#### (b) Tax reconciliation

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

	<u>2023</u>	<u>2022</u>
	<u>£000</u>	<u>£000</u>
Profit before tax	1,535	1,211
Tax calculated at standard UK corporation tax rate of 23.5% (2022: 19%)	361	230
Surrender of tax losses from Group undertakings for no charge	(361)	(230)
Total tax for the year	<u>-</u>	<u>-</u>

The UK Government has enacted an increase in the UK corporation tax rate to 25% which has taken effect from 1 April 2023. As the Company has no deferred tax assets or liabilities, there is no impact of the Company's net assets as a consequence of the amendments to the tax rates.

During 2023, legislation on The Organisation for Economic Co-operation and Development proposals to reform the international tax system and introduce a global minimum effective rate of corporation tax of 15% was enacted in the UK, to take effect from 31 December 2023. The Company (as part of the Aviva Group) has assessed its potential exposure, based on the available information, and does not anticipate any exposure to additional tax under these provisions.

### 5. Dividends

	<u>2023</u>	<u>2022</u>
	<u>£000</u>	<u>£000</u>
<i>Ordinary dividends declared and charged to equity in the year</i>		
Interim dividend settled intercompany - 2023: £4,000,000 (2022: £nil)	4,000	-
	<u>          </u>	<u>          </u>

Interim ordinary dividends of £4,000,000 were declared and settled via an intercompany settlement in November 2023.



# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 6. Receivables

	<u>2023</u>	<u>2022</u>
	<u>£000</u>	<u>£000</u>
Trade receivables	36,578	26,681
<b>Total as at 31 December</b>	<u>36,578</u>	<u>26,681</u>
Expected to be recovered within one year	<u>36,578</u>	<u>26,681</u>

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

### 7. Trade and other payables

	<u>2023</u>	<u>2022</u>
	<u>£000</u>	<u>£000</u>
Amounts due to related parties (note 14(a)(i))	35,091	27,073
Other financial liabilities	1,089	819
<b>Total as at 31 December</b>	<u>36,180</u>	<u>27,892</u>
Expected to be settled within one year	<u>36,180</u>	<u>27,892</u>

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

### 8. Provisions

#### (a) Carrying amounts

	<u>2023</u>	<u>2022</u>
	<u>£000</u>	<u>£000</u>
Provision for mid term adjustment interest calculation	-	9
<b>Total as at 31 December</b>	<u>-</u>	<u>9</u>

#### (b) Movement in provisions

	<u>2023</u>	<u>2022</u>
	<u>£000</u>	<u>£000</u>
As at 1 January	9	116
Charge for the year	-	149
Paid during the year	(9)	(256)
<b>As at 31 December</b>	<u>-</u>	<u>9</u>

The provision relates to the Company identifying that the calculation of interest, charged when customers amend their policy partway through the year, has not been fully operating in line with the applicable credit agreements. The parent company, AIL, has agreed to reimburse the Company for all losses incurred in full.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 9. Tax assets and liabilities

#### (a) Current tax

Current tax assets recoverable and liabilities payable in more than one year are £nil (2022: £nil).

#### (b) Deferred taxes

The Company did not have any recognised or unrecognised deferred tax balances in either 2023 or 2022.

### 10. Ordinary share capital

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

	<u>2023</u>	<u>2022</u>
	<u>£000</u>	<u>£000</u>
<b>Allotted, called up and fully paid</b>		
25,000 (2022: 25,000) ordinary shares of £1 each	25	25

Ordinary shares in issue in the Company rank pari passu. All the ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company.

### 11. Statement of cash flows

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

	<u>2023</u>	<u>2022</u>
	<u>£000</u>	<u>£000</u>
Profit before tax	1,535	1,211
Changes in working capital:		
(Increase)/decrease in receivables	(9,897)	1,035
Increase/(decrease) in trade and other payables <sup>1</sup>	4,288	2,232
Decrease in provision	(9)	(107)
<i>Net cash (used in)/generated from operating activities</i>	<u>(4,083)</u>	<u>4,371</u>

<sup>1</sup> Increase in trade and other payables are stated after the exclusion of the interim dividend settlement settled via intercompany of £4,000k (2022: £nil)

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

	<u>2023</u>	<u>2022</u>
	<u>£000</u>	<u>£000</u>
Cash and cash equivalents	2,420	6,503

### 12. Risk management

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

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 12. Risk management (continued)

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

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

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

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

#### (a) Financial risk management

##### (i) Credit risk

Credit risk is the risk of adverse outcomes due to a third-party default event or to a change to 3rd party credit standing.

At 31 December 2023, receivables are £36,578,000 (2022: £26,681,000). Of this amount, £nil (2022: £nil) is due from related parties, details of which are set out in note 14(a)(i).

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

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

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

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 12. Risk management (continued)

#### (a) Financial risk management (continued)

##### (i) Credit risk (continued)

The Company makes use of the simplified approach when calculating expected credit losses on trade and other receivables and therefore calculates expected credit losses over the lifetime of the instrument in question. Expected credit losses on third party trade receivables are calculated with reference to the Company's historical experience of losses, along with an analysis of payment terms. Short-term financial assets (where all amounts are receivable within 12 months from the reporting date) do not generally attract an expected credit loss charge, unless there is objective evidence that losses are likely to arise. The Company does not expect any material credit losses on receivables with related parties.

No financial assets are impaired as at 31 December 2023 (2022: £nil). The table below provides information regarding the ageing of financial assets that are past due but not impaired:

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

31 December 2022	Financial assets that are past due but not impaired				Carrying value £000
	Neither past due nor impaired	0 – 3 months	3 – 6 months	6 months – 1 year	
	£000	£000	£000	£000	
Receivables	26,472	156	37	16	26,681

Concentrations of credit risk with respect to receivables are limited as receivables comprise insurance premiums payable by instalments. The Company has not purchased or originated any credit-impaired financial assets as at the reporting date.

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

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

31 December 2022	Financial exposures by credit rating						Carrying value £000
	AAA	AA	A	BBB	Speculative grade	Non-rated	
	£000	£000	£000	£000	£000	£000	
Trade receivables	-	-	-	-	-	26,681	26,681
Cash and cash equivalents	-	-	6,503	-	-	-	6,503

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 12. Risk management (continued)

#### (a) Financial risk management (continued)

##### (i) Credit risk (continued)

The Company's cash and cash equivalents of £2,420,000 (2022: £6,503,000) are placed with two counterparties (2022: two).

The management of credit risk is overseen by the Board.

##### (ii) 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 either in normal and/or stressed conditions.

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

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

	Within 1 year	1 to 5 years	5 to 15 years	Over 15 years	Total
	£000	£000	£000	£000	£000
<b>31 December 2023</b>					
Trade and other payables	36,180	-	-	-	36,180
<b>31 December 2022</b>					
Trade and other payables	27,892	-	-	-	27,892

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:

	Within 1 year	1 to 5 years	5 to 15 years	Over 15 years	Total
	£000	£000	£000	£000	£000
<b>31 December 2023</b>					
Receivables	36,578	-	-	-	36,578
Cash and cash equivalents	2,420	-	-	-	2,420
	38,998	-	-	-	38,998
<b>31 December 2022</b>					
Receivables	26,681	-	-	-	26,681
Cash and cash equivalents	6,503	-	-	-	6,503
	33,184	-	-	-	33,184

The management of liquidity risk is overseen by the Board.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 12. Risk management (continued)

#### (b) Operational risk management

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, people and systems, or external events including changes in the regulatory environment. The Company has a very low appetite for operational risks which could result in material losses (direct or indirect), a financial misstatement or have a material negative impact on reputation, customers, employees or other stakeholders.

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

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

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

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

#### (c) Climate Change

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

The Aviva Group is acting now through its Sustainability Ambition to mitigate and manage its impacts both today and in the future. Through these actions, we continue to build resilience to climate-related transition, physical and liability risks. Our Risk Policies (including the Company's RMF) explicitly cover climate and other sustainability risks and integrate these risks in our risk and control management activities.

Climate considerations continue to be integrated into the Company's strategy, planning, governance, disclosures and risk management processes.

The Company's climate risk appetite statement is supported by quantitative hard and soft metrics (albeit are reported against an AIL / UK GI business unit level only), which are aligned to the Aviva Group Sustainability Ambition.

Alongside actions taken by the Government, the insurance industry and the wider society, Aviva Group and the Company are playing a leading role in addressing climate change with a broad range of actions underway to deliver on its 2040 Net Zero (NZ) ambitions and by embedding consideration of climate and sustainability risks into the culture of the Company. For further details see the Aviva plc .

Climate-related Financial Disclosure 2023 report.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 13. Capital structure

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

#### (a) General

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

#### (b) Capital management

In managing its capital, the Company seeks to:

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

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

#### (c) Capital structure

	<b>IFRS net assets</b>	<b>IFRS net assets</b>
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Provision of instalment credit in respect of insurance premiums	2,818	5,283
<b>Total capital employed</b>	<b>2,818</b>	<b>5,283</b>
<b>Financed by</b>		
Total equity	2,818	5,283

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 14. Related party transactions

#### (a) Related party transactions

Related party transactions in 2023 and 2022 are in respect of instalment credit provided by the company on insurance premiums underwritten by Aviva Insurance Limited, the parent company.

#### (i) Services provided by related parties

	2023		2022	
	Expense incurred in year	Payable at year end	Expense incurred in year	Payable at year end
	£000	£000	£000	£000
Parent	-	35,091	-	27,073

Payables relate to the premiums underwritten by Aviva Insurance Limited and transferred to, and managed by the company on its behalf.

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

#### (ii) Key management compensation

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

#### (b) Immediate parent company

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

#### (c) Ultimate controlling entity

The ultimate controlling entity, and parent of the largest and smallest groups which consolidate the results of the Company, is Aviva plc. 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](http://www.aviva.com).