Aviva UK Digital Limited

Registered in England and Wales No. 09766150

Annual Report and Financial Statements 2023

Contents

Directors and officers

Directors

S Bridger
F J Bruce
J B Cummings
T L Gration
T J Latter
O C Morris

Officer – Company Secretary

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

Please note that the Company Secretary 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
SE1 2RT

Registered Office

8 Surrey Street
Norwich
Norfolk
NR1 3NG

Company Number

Registered in England and Wales No. 09766150

Other Information

Aviva UK Digital Limited (“the Company”) is regulated by the Financial Conduct Authority (“FCA”) and is a member of the Aviva plc group of companies (“the Group”).

Strategic report

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

Review of the Company's Business

Principal activities

The Company is a subsidiary of Aviva Insurance Limited ("AIL"). The Company's principal activity during the year was as an insurance intermediary receiving commission and fee income from AIL to distribute insurance products underwritten by other Aviva subsidiaries to their customers in the UK.

Financial position and performance

The financial position of the Company as at 31 December 2023 is shown in the Statement of Financial Position on page 18, with the results for the year shown in the Income Statement on page 16 and the Statement of Cash Flows on page 19.

Significant events

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

Section 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 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.

The Company's culture

The Company's culture is shaped, in conjunction with its immediate parent company, Aviva Insurance Limited ("AIL"), and its ultimate shareholder, Aviva plc, 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. The Company looks to build relationships with all our stakeholders based on openness and transparency and by valuing diversity and inclusivity in our workforce and beyond.

Key strategic decisions in 2023

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.

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

The Directors considered all relevant matters set out under the Companies Act 2006 concerning the payment of dividends, including reviewing the Company's distributable reserves and its ability to pay its debts as they fall due, having regard to the entirety of the Company's business and the actual and contingent liabilities. The Board decided not to pay a dividend in 2023 and would revisit this decision in 2024.

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Stakeholders Engagement

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. The table on the following page sets out the Board's approach to stakeholder engagement during 2023.

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.	**Focus during the year** • The Board monitored and responded to the impact that inflationary pressures exerted on our people. **Outcomes and actions during the year** • The Company's people share in the businesses' success as shareholders through membership of the Group's global share plans.
Customers **Understanding what's important to our customers is key to our long-term success.**	
How we have engaged • The Board receives regular reporting on customer outcomes and strategic initiatives throughout the year.	**Focus during the year** • The Board closely monitors customer metrics and engages with the leadership team to understand the issues if performance does not meet customers' expectations. Aviva UK Digital's parent entity, Aviva Insurance Limited, 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 Treating Customers Fairly. The Aviva UK Digital Board can escalate any matters it feels necessary to the Conduct Committee for further scrutiny. • The Board continues to embed the Consumer Duty principles to ensure customers receive good outcomes. **Outcomes and actions during the year** • The Board continues to monitor IT performance to ensure consistent services for our customers. • The Company maintains measures to support customers who are experiencing financial hardship.
Shareholders **Our retail and institutional shareholders are the owners of the Company.**	
How we have engaged • The Company's shareholder is Aviva Insurance Limited, any matters requiring escalation are escalated by the Board through the Chair to its parent.	**Focus during the year** • Ensuring shareholders understand our strategy and business model.
Regulators **As an insurance company, we are subject to financial services regulation and approvals in all the markets we operate in.**	
How we have engaged • As a regulated entity under the Senior Manger's Certification Regime, the Company is required to produce a management Responsibility Map and this is shared with the Regulators on a quarterly basis. • The Board engages with the Regulator as appropriate.	**Focus during the year** • Continued focus on Consumer Duty with training provided to the Board and the implementation of Consumer Duty within the business. **Outcomes and actions during the year** • Regulatory priorities were regularly discussed at meetings.

Strategic report (continued)

<table>
<tr><td colspan="2">Communities

We recognise the importance of contributing to our communities through volunteering, community investment, and long term partnerships</td></tr>
<tr><td>How we have engaged
• 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.</td><td>Focus during the year
• 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.
Outcomes and actions during the year
• The Board continued to adopt the new climate risk preferences during the year.</td></tr>
<tr><td colspan="2">Suppliers

We operate in conjunction with a wide range of suppliers to deliver services to our customers. It is vital that we build strong working relationships with our intermediaries.</td></tr>
<tr><td>How we have engaged
• The Company maintains oversight of the management of its most important suppliers and reviews reports on their performance.</td><td>Focus during the year
• All supplier related activity is managed in line with the Group's Procurement & Outsourcing Business Standard.
• An important part of our culture is the promotion of robust legal, ethical, environmental and employee related standards within our business and also among our suppliers.
Outcomes and actions during the year
• The Board reviews the actions Group has taken to prevent modern slavery and associated practices in any part of our supply chain and approves the Aviva Group Modern Slavery Act statement each year.</td></tr>
</table>

Strategic report (continued)

Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva plc and these are shown in the Aviva plc 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 expect that the Company's principal activities will continue unchanged for the foreseeable future.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Company and the Company’s risk management policies are set out in note 11 to the financial statements.

Key performance indicators

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

Measure	**2023**	2022
Commission and fee income for the year ended 31 December	**£121 million**	£130 million

In 2023, commission income decreased to £121 million (2022: £130 million) as a result of a decrease in sales volumes of the insurance products distributed by the Company.

By order of the Board on 11 June 2024

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

Directors' report

The directors submit 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 3.

The changes in directors in office since the start of the accounting year are as follows:

F Bruce was appointed as a director of the Company on 25 September 2023
S Bridger was appointed as a director of the Company on 18 December 2023
T L Gration was appointed as a director of the Company on 15 March 2024
C J Clark resigned as a director of the Company on 20 March 2024

Company Secretary

The name of the present Company Secretary appears on page 3.

Dividends

The directors did not recommend an interim dividend on the Company's ordinary shares dividends in 2023 (2022: £nil). The directors do not recommend a final dividend on the Company's ordinary shares for the year ended 31 December 2023 (2022: £nil).

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report, which includes a section describing the principal risks and uncertainties. In addition, the financial statements include notes on management of its risks including market, credit and liquidity risk (see note 12).

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

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Future outlook

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

Employees

The Company has no employees. The majority of employees engaged in the activities of the Company are employed by a subsidiary undertaking of Aviva plc, Aviva Employment Services Limited. Disclosures relating to employees may be found in the annual report and financial statements of that company. The Company is recharged with the costs of the staff provided by Aviva Employment Services Limited.

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 section 309A to section 309C 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 section 234 of the Companies Act 2006.

Directors’ report (continued)

Statement of directors’ responsibilities in respect of the financial statements

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

By order of the Board on 11 June 2024

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

Report on the audit of the financial statements

Opinion

In our opinion, Aviva UK Digital 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 result 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.

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

Independent auditors' report (continued)

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 in respect of the financial statements, 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 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 meetings 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;

Independent auditors' report (continued)

- Reading key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Identifying and performing procedures over 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. 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

Accounting policies

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

(A) Basis of preparation

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

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

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

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

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

The Company has adopted the following amendments to standards which became effective for the annual reporting period beginning on 1 January 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.

(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.

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.

Accounting policies (continued)

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

(C) Revenue

Revenue comprises commission income and service charges from fellow group companies. For each revenue stream income is recognised in the accounting period in which the services are provided. Transaction price is determined by the contract.

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.

(D) Operating expenses

Staff costs and other employee related expenditure, ongoing administrative and other operating expenses are recognised as incurred.

(E) Fair value measurement

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

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

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

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

(F) Impairment of non-financial assets

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

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

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

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

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

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

Accounting policies (continued)

(H) Payables and other financial liabilities

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

(I) Statement of Cash Flows

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, deposits held at call with banks. Such investments are redeemable on demand with only an insignificant change in their fair values.

(J) Income taxes

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

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

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

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

Deferred 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.

(K) 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:

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

Dividends

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

Income Statement
For the year ended 31 December 2023

	Note	2023 £m	2022 £m
Income			
Revenue	C & 1	**121**	130
		121	130
Expenses			
Operating expenses	D & 2	**(121)**	(130)
		(121)	(130)
Result for the period before tax		**-**	-
Tax	J & 6	**-**	-
Result for the period after tax		**-**	-

The Company has no recognised income and expenses other than that included in the results above (2022: none) and therefore a separate statement of comprehensive income has not been presented.

The accounting policies (identified alphabetically) on pages 13 to 15 and notes (identified numerically) on pages 20 to 27 are an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2023

	Ordinary share capital £m	Retained earnings £m	Total equity £m
Balance at 01 January 2022	1	15	16
Total comprehensive income for the year	-	-	-
Balance at 31 December 2022	**1**	**15**	**16**
Total comprehensive income for the year	-	-	-
Balance at 31 December 2023	**1**	**15**	**16**

The accounting policies (identified alphabetically) on pages 13 to 15 and notes (identified numerically) on pages 20 to 27 are an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2023

	Note	2023 £m	2022 £m
Assets			
Current tax asset	J & 9	**2**	2
Deferred tax asset	J & 9	**-**	2
Cash and cash equivalents	I & 10	**14**	12
Total assets		**16**	16
Equity			
Ordinary share capital	K & 7	**1**	1
Retained earnings	8	**15**	15
Total equity		**16**	16
Liabilities			
Total liabilities		**-**	-
Total equity and liabilities		**16**	16

The financial statements on pages 16 to 27 were approved by the Board of Directors on 11 June 2024 and signed on its behalf by

Tom Latter

T Latter
Director

Registered in England and Wales No. 09766150

The accounting policies (identified alphabetically) on pages 13 to 15 and notes (identified numerically) on pages 20 to 27 are an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2023

	Note	**2023** **£m**	2022 £m
Cash flows from operating activities			
Tax relief from fellow group companies		**2**	11
Net cash generated from operating activities		**2**	11
Net increase in cash and cash equivalents		**2**	11
Cash and cash equivalents at 1 January		**12**	1
Cash and cash equivalents at 31 December	10	**14**	12

The accounting policies (identified alphabetically) on pages 13 to 15 and notes (identified numerically) on pages 20 to 27 are an integral part of these financial statements.

Notes to the financial statements

1. Revenue

	2023 £m	2022 £m
Commission income	**114**	118
Service charge income	**7**	12
Total revenue	**121**	130

2. Operating expenses

	2023 £m	2022 £m
Administration expenses	**(82)**	(92)
Commission expenses	**(39)**	(38)
Total	**(121)**	(130)

3. Employee information

The Company has no employees (2022: none). The majority of staff engaged in the activities of the Company are employed by Aviva Employment Services Limited, a fellow subsidiary undertaking of Aviva plc. Disclosures relating to employee remuneration and the average number of persons employed are made in the financial statements of Aviva Employment Services Limited. The Company is recharged with the costs of the staff provided by Aviva Employment Services Limited.

4. Directors' remuneration

All directors, other than Mr Clark, that served during the period under review were remunerated by Aviva Employment Services Limited, a fellow subsidiary of Aviva plc for their services to the Group as a whole. They were not remunerated for their services as directors of the Company and the amount of time spent performing their duties is incidental to their roles across the Group.

Mr Clark receives a fee for his services as a Non-Executive Director of the Company and as Chairman of the Board and the Conduct and Operational Risk Committee. This fee is borne by the Company and is disclosed within the key management compensation in note 12(b).

During the year, three of the directors exercised share options (2022: none) and five of the Directors were granted shares under long term incentive schemes (2022: five) in relation to shares of the Company's ultimate parent company, Aviva plc.

5. Auditors' remuneration

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

	2023 £'000	2022 £'000
Audit Services:		
Statutory audit of the Company's financial statements	**16**	15

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.

Notes to the financial statements (continued)

6. Tax credit

(a) Tax (charged)/credited to the income statement

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

	2023 £m	2022 £m
Current tax		
For this year	**2**	-
Prior year adjustments	**-**	(1)
Total current tax	**2**	(1)
Deferred tax:		
Origination and reversal of temporary differences	**(2)**	1
Total deferred tax	**(2)**	**1**
Total tax (charged)/credited to the income statement	**-**	-

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

There was no tax credited or charged to other comprehensive income in either 2023 or 2022.

(c) Tax reconciliation

The tax on the Company's result before tax is the same as the theoretical amount that would arise using the tax rate of the United Kingdom as follows:

	Note	2023 £m	2022 £m
Result before tax		**-**	-
Tax calculated at standard UK corporation tax rate of 23.50% (2022:19.00%)		**-**	-
Total tax (charged)/credited to the income statement	6(a)	**-**	-

The UK Government has enacted an increase in the UK corporation tax rate to 25% to take effect from 1 April 2023. This rate has been used in the calculation of the Company's deferred tax assets as at 31 December 2022.

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.

Notes to the financial statements (continued)

7. Ordinary share capital

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

	2023 Number of shares	2023 £m	2022 Number of shares	2022 £m
Allotted, called up and fully paid				
Ordinary shares of £1 each	**1,000,000**	**1**	1,000,000	1
Total at 31 December	**1,000,000**	**1**	1,000,000	1

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

8. Retained earnings

	2023 £m	2022 £m
Balance at 1 January	**15**	15
Result for the year	**-**	-
Balance at 31 December	**15**	15

Notes to the financial statements (continued)

9. Tax assets and liabilities

a) Current tax

Current tax assets recoverable in more than one year are £2 million (2022: £nil million). Tax assets recoverable in less than one year are £nil million (2022: £2 million).

b) Deferred tax

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

	2023 £m	2022 £m
Unused losses and tax credits	-	1
Intangibles	-	1
Net deferred tax asset	**-**	2

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

	2023 £m	2022 £m
Net deferred tax asset at 1 January	**2**	1
Amounts (charged)/credited to the income statement	**(2)**	1
Net deferred tax asset at 31 December	**-**	2

There are no unrecognised deferred tax assets or liabilities in either 2023 or 2022.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

10. Cash and cash equivalents

Cash and cash equivalents in the Statement of Cash Flows at 31 December comprise:

	2023 £m	2022 £m
Cash at bank and in hand	**14**	12
Total at 31 December	**14**	12

Notes to the financial statements (continued)

11. Risk management

During the year, the global economy has continued to experience elevated inflation and interest rates coupled with low levels of economic growth. Market expectations for 2024 are that monetary policy will begin to be cautiously eased as central banks look to protect economic growth with inflation declining and the softening of the labour market, albeit remaining tight by historical standards. Economist forecasts for growth have been revised upwards and inflation is expected to continue a gradual downwards trend, although this is likely to be highly dependent on the outcome of heightened geo-political tensions and the potential for further disruption to global supply chains and energy supplies. Further the potential for material levels of regime and/or policy change across the globe are an additional source of uncertainty for financial and commodity markets. Affordability concerns due to the economic climate will continue to impact many customers and the Company continues to actively manage customer experience and outcomes.

An increased threat of malware/ransomware attacks continues to be seen across the world. In response we have increased the protection level of anti malware security controls and continue to monitor threat intelligence data and update our security controls to maintain protection against new and emerging ransomware variants.

Aviva remains committed to supporting a low carbon economy that will improve the resilience of our economy, society and the financial system in line with the 2015 Paris Agreement target on climate change. In March 2021, Aviva set an ambition to become a Net Zero carbon company by 2040 and actions continue to be taken to mitigate and manage the impact of climate change on the business. Aviva calculates a Climate Value at Risk ("VaR") against the Intergovernmental Panel on Climate Change ("IPCC") scenarios to assess the climate-related risks and opportunities under different emission projections and associated temperature pathways.

(a) Risk Management Framework (RMF)

The Company's RMF has a key role in supporting the business to deliver its purpose for our customers, our people and our shareholder, 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 the ultimate parent, Aviva plc. The RMF comprises the systems of governance, including risk policies and business standards, risk management processes and Risk Appetite Framework (RAF), risk oversight by the Board and Management Committees and clearly defined roles and responsibilities along with the processes used to Identify, Measure, Manage, Monitor and report (IMMMR) risks.

The Company's RAF outlines the risks that the Company selects and manages in pursuit of return, the risks the Company accepts and retains a moderate level of and the risks the Company actively avoids or takes action to mitigate as far as practical. It comprises:

- Risk preferences: qualitative statements that express where the business prefers to take risk (or else accept or avoid) and why, applied to individual key risk types (e.g. Climate, Operational).
- Risk appetites: overarching statements, metrics and thresholds that express the level of risk the business is willing to accept. The Company has risk appetites for Operational, Conduct and Climate risk (albeit climate metrics are reported at an AIL level only). Risk appetites are approved annually by the Board and monitored by relevant Management Committees.

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

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 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 immediate parent company 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 immediate parent company's Chief Risk Officer.

A variety of tools and processes are available to support risk identification; both bottom up and top down, and while run separately, these are designed to complement each other and are used to generate risk reports which are shared with the relevant Risk Committees. Consideration to the Company's material existing and emerging risks from events outside the Company which are considered primarily beyond its influence and control is facilitated by the Risk Function, with input from Management. Conversely, the bottom-up Risk and Control Self-Assessment (RCSA) which is owned by Management with challenge from the Risk Function focuses on operational risks, that arise from within internal processes, systems or people and which might prevent the business from achieving its objectives.

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. The third line (Internal Audit) provides an independent assessment of the RMF and internal control processes.

Long-term sustainability depends upon the protection of franchise value and good customer relationships. As such, the Company has no appetite for risk of poor customer outcomes, market abuse or activities which might impact market stability and/or integrity of fair competition and takes all reasonable steps to comply with all conduct regulations and deliver good customer outcomes.

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

Notes to the financial statements (continued)

(b) Credit risk

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

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

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

(i) Financial exposures to Group companies

The Company's financial assets are largely amounts due from fellow Group companies. The credit risk arising from Aviva Group counterparties failing to meet all or part of their obligations is considered remote.

(ii) Calculation of expected credit losses

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

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

There are no financial assets past due or impaired in either 2023 or 2022.

(c) Liquidity risk

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

The Company seeks to ensure that it maintains sufficient financial resources to meet its obligations as they fall due through the application of the Liquidity Business Standard.

(d) Operational risk

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

As an insurance intermediary, regulated by the Financial Conduct Authority and digital distributor for other Aviva Group companies in the UK, the Company's principal operational risks are conduct, regulatory compliance and IT technology risks, including data security. 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.

(e) Risk and capital management

The Company's capital risk is determined with reference to the requirements of the Company's stakeholders. In managing capital, the Company seeks to maintain sufficient, but not excessive, financial strength to support the requirements of stakeholders. The sources of capital used by the Company are equity shareholders' funds. At 31 December 2023 the Company had £16 million of total capital employed *(2022: £16 million).*

(f) 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 CO_2 emissions is expected to continue and in the absence of radical action by governments, global temperatures are likely to exceed pre-industrial levels by at least 2ºC and weather events (floods, droughts and windstorms) increase both in frequency and severity.

The Aviva Group is acting now through its Sustainability Ambition to mitigate and manage its impacts both today and in the future. Through these actions, we continue to build resilience to climate-related transition, physical and liability risks continue to be built.

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

Notes to the financial statements (continued)

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. Furthermore, as an insurer, the Company is able to influence customer behaviour through the coverage of products and services provided and continues to develop climate-conscious products and services to incentivise climate-positive behaviours. For further details see the Aviva plc Climate-related Financial Disclosure 2023 report.

For further details see the Aviva plc Climate-related Financial Disclosure 2023 report.

Notes to the financial statements (continued)

12. Related party transactions

The Company had the following transactions with related parties, which include parent companies, subsidiaries, and fellow Group companies in the normal course of business.

(a) The Company had the following related party transactions

(i) Services provided to related parties

	2023			2022
	Income earned in period £m	**Receivable at period end £m**	Income earned in period £m	Receivable at period end £m
Fellow Group companies	**121**	**-**	130	-

Income earned in the year (refer note 1) relates to commissions and fees receivable from fellow Group companies Aviva Insurance Limited, Aviva Life Services UK Limited and Aviva Health UK Limited.

(ii) Services provided by related parties

	2023			2022
	Expenses incurred in the year £m	**Payable at year end £m**	Expenses incurred in period £m	Payable at period end £m
Fellow Group companies	**(121)**	**-**	(130)	-

Expenses incurred in the year (refer note 2) relate to recharges payable to fellow Group companies Aviva Central Services UK Limited for IT and marketing costs and Aviva Employment Services Limited for staff and other employee related expenditure.

(iii) Audit fees

There were no non-audit fees paid to the Company's auditors during the year *(2022: £nil)*. Audit fees as described in note 5 are payable by Aviva Central Services UK Limited, a fellow Group company, and recharged as appropriate to the Company and fellow Group companies.

(b) Key management compensation

Key management, which comprises the directors of the Company, are not remunerated directly for their services as directors of the Company, other than Mr Clark, and the amount of time spent performing their duties is incidental to their role across the Group.

The compensation to Mr Clark for his duties as director of the Company is as follows:

	2023 £	2022 £
Aggregate emoluments	**65,182**	76,250

(c) Parent entity

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

(d) Ultimate parent entity

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

13. Subsequent events

Management has evaluated subsequent events for the period from 31 December 2023 to the date of these financial statements, and there has been no material subsequent events in that period.