SOLUS (LONDON) LIMITED

Registered in England and Wales: No. 03078842

ANNUAL REPORT AND FINANCIAL STATEMENTS 2023

Solus (London) Limited

Contents

Solus (London) Limited

Directors and Officers

Directors:

A Adams
W Malik
P Reilly
J Santer
S Smith
J Sturman

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. 03078842

Other information:

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

Solus (London) Limited

Registered in England and Wales: No. 03078842

Strategic report

For the year ended 31 December 2023

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

Review of the Company's business

The Company's principal activity consists of 21 Accident Repair Centres, 9 within close proximity of the M25, facilitating repairs for insurance and retail customers.

Significant events

During the year the Company opened a new repair centre in Newport to undertake more repairs for its Parent Company, The site has been designed and built to be as sustainable as possible and support the Parent Company's carbon commitment to move to Net Zero. As part of this commitment the Company is reviewing its estate and in June 2023 closed its Accident Repair Centre at Hitchin as significantly reducing the carbon footprint of such an old commercial building was not viable. After consideration a decision was taken to close the Luton site as well, since it was concluded that it would not be possible to reduce its carbon footprint significantly. The repair demand in this area will be met by a new purpose built site acquired in 2024 in nearby Dunstable. This will deliver significant improvements in the Company's commitment to carbon reduction and sustainability.

In 2023 the Company reviewed its pricing structure in respect of sales to the Parent Company and agreed to reduce the price of repairs where the Parent Company's policyholders were liable. The reduction in these prices from 1 January 2023 significantly reduces the reported profit margins of the Company from the previous year. The revised pricing structure allows the Company to continue to make a profitable return on these repairs, albeit less than previously.

Future Outlook

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

Financial position and performance

The financial position of the Company at 31 December 2023 is shown in the statement of financial position on page 22, with the results shown in the income statement on page 20 and the statement of cash flows on page 23.

Profit before tax decreased to £22,654 thousand (2022: £37,864 thousand) and gross profit as a percentage of revenue decreased to 51% (2022: 52%). In December 2023 an interim dividend of £15,000 thousand was declared.

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

The Company's net assets have increased by £2,358 thousand (2022: £6,309 thousand) primarily reflecting profit for the year after tax less dividend.

Section 172(1) Statement

The Directors report here on how they have discharged their duties under Section 172 (s.172) of the Companies Act 2006.
S172 sets out the matters to which the directors must have regard to in performing their duty to promote the success of the Company for the benefit of its shareholders which includes having regard to other stakeholders. Where this statement draws upon information contained in other sections of the Strategic report, this is signposted accordingly.

The Board considers it crucial that the Company maintains a reputation for high standards of business conduct. The Board is responsible for monitoring and upholding the culture, values, standards, ethics, and reputation of the Company to ensure that the Directors' obligations to its shareholders, customers and other stakeholders are met. The Board monitors adherence to the Aviva Group business standards and compliance with local corporate governance requirements and is committed to acting if our businesses should fall short of the standards expected.

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

The Company's culture

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

The Solus culture is shaped in conjunction with AIL and its ultimate shareholder Aviva plc by jointly held and clearly defined values to help ensure it does the right thing. Solus values diversity and inclusivity in its workforce and beyond. In 2023 Solus has worked hard on gender balance, the senior leadership team is now 50% female. The Commitment Aviva Group makes to each customer extends to all shareholders; that we are 'with you today for a better tomorrow.' Throughout the Solus business, the people live by core values for its customers, for each other and for the communities they serve and the commitment to getting customers back to normal.

Key strategic decisions in 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.

The Board approved the payment of an interim ordinary dividend of £15,000 thousand to Aviva Insurance Limited, paid by intercompany transfer. 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.

Solus opened a state-of-the-art body shop in Newport South Wales, it has solar panels as well as the facility to harvest rainwater from the roof, linking in with Solus and AIL's wider sustainability ambitions.

Solus (London) Limited

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Strategic report

For the year ended 31 December 2023

Stakeholder Engagement - the table below sets out the Board’s approach to stakeholder engagement during 2023:

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

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

• The Company employs around 850 people across 21 UK-wide sites. Staff policies align to Aviva Group policies where applicable, with focus on the Health and Safety of all people.
• The Company’s engagement mechanisms include employee forums, internal communications channels, informal meetings with directors and employee engagement surveys.</td><td>Focus during the year

• The Board focused on attracting and retaining the best people in the industry.
• The Board monitored and responded to the impact that inflationary pressures exerted on our people.

Outcomes and actions during the year
• The Group carries out a comprehensive global employee engagement survey each year, and the results are considered by the Board in the context of the Company's culture, values and behaviours. The actions to continually improve the results are discussed and agreed.
• The Company's people share in the businesses' success as shareholders through membership of the Group's global share plans.
• The Board received regular reporting on Solus people throughout the year regarding wellbeing and health and safety.</td></tr>
<tr><td colspan="2">Customer

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

• The Board receives regular reporting on customer outcomes and strategic initiatives throughout the year.</td><td>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. 2023 saw the best customer outcomes with over 11,000 customers surveyed who returned a score of 4.6 out of 5.
• Solus’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

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.</td></tr>
</table>

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

Our retail and institutional shareholders are the owners of the Company</td></tr>
<tr><td>How we have engaged

• The Company’s ultimate shareholder is Aviva Insurance Limited. Any matters requiring escalation are escalated by the Board through the Chair to its parent.</td><td>Focus during the year

• Ensuring shareholders understand our strategy and business model.</td></tr>
<tr><td colspan="2">Regulators

Solus is not a regulated Company.</td></tr>
<tr><td>• The Aviva Group are subject to financial services regulations and approvals in all the markets it operates in.</td><td></td></tr>
<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 Company is aware of the impact it has on the environment and as such the Board received regular reporting on the Company’s activities relating to sustainability and climate change. Management have developed a sustainability strategy to support the Company in achieving the 2040 net zero target.</td></tr>
</table>

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.**	
How we have engaged • The Company maintains oversight of the management of its most important suppliers and reviews reports on their performance.	*Focus during the year* • All supplier related activity is managed in line with the Group's Procurement & Outsourcing Business Standard. This ensures that supply risk is managed appropriately including in relation to customer outcomes, data security, corporate responsibility, financial, operational, contractual and brand damage caused by inadequate oversight or supplier failure. • An important part of our culture is the promotion of high legal, ethical, environmental and employee related standards within our business and also among our suppliers. Before working with any new suppliers we provide them with the Aviva Supplier Code of Behaviour, and our interaction with them is guided by Aviva's Business Code of Ethics. *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. • In the UK, the Company's ultimate parent, Aviva plc, is a signatory of the Prompt Payment Code which sets standards for high payment practices. The Group is a Living Wage employer in the UK, and the Company's supplier contracts include a commitment to paying eligible employees not less than the Living Wage in respect of work provided at our premises in the UK.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Company and the Company's risk management policies are set out in note 18 to the financial statements.

Solus (London) Limited

Registered in England and Wales: No. 03078842

Strategic report

For the year ended 31 December 2023

Key performance indicators ("KPIs")

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

	2023	2022
Gross profit as a percentage of revenue	51%	52%
Operating profit as a percentage of revenue	15%	25%

Employees	**2023**	**2022**
	No.	**No.**
Operations	426	417
Administration	509	471

As approved by the Board of Directors on 14 June 2024 and signed by order of the Board:

V. Dekonyd

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

Solus (London) Limited

Registered in England and Wales: No. 03078842

Directors' report
For the year ended 31 December 2023

Directors

N Green resigned as a director of the Company on 18 August 2023.

P Reilly was appointed as a director of the Company on 2 October 2023.

J Sturman was appointed as a director of the Company on 1 January 2024.

S Pond resigned as a director of the company on 23 February 2024.

Company Secretary

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

Dividends

An interim dividend of £15,000 thousand was declared in 2023 (2022: £25,000 thousand). The directors do not recommend the payment of a final dividend (2022: £nil).

Going concern

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

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

Future outlook

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

Financial instruments and financial risk management

The business of the Company includes the use of financial instruments. Details of the Company's risk management objectives, policies and exposures to risk relating to financial instruments are set out in note 18 to the financial statements.

Employees

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

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

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

Independent auditors

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.

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 he 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 provisions of s418 of the Companies Act 2006.

Qualifying indemnity provisions

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

The directors also have the benefit of the indemnity provision contained in the Company's articles of association, subject to the conditions set out in the Companies Act 2006. This is a "qualifying third party indemnity" provision as defined by section 234 of the Companies Act 2006.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the 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.

Solus (London) Limited

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Directors' report (continued)

In preparing these financial statements, the directors are required to:

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

As approved by the Board of Directors on 14 June 2024 and signed by order of the Board:

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

Solus (London) Limited

Registered in England and Wales: No. 03078842

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

Report on the audit of financial statements

Opinion

In our opinion, Solus (London) 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.

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.

Solus (London) Limited

Registered in England and Wales: No. 03078842

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

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 the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

•Review of relevant meeting minutes and discussions with the Board;

•Making inquiries of HR and Aviva Group Investigations team who are responsible for reviewing fraudulent activity across the Aviva group, including inquiring about the whistle-blowing hotline, consideration of known or suspected instances of non-compliance with laws and regulation and assessing the impacts of the results;

•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, timing or extent of our testing.

Solus (London) Limited

Registered in England and Wales: No. 03078842

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

Auditors' responsibilities for the audit of the financial statements (continued)

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
14 June 2024

Accounting policies

The Company is a private limited liability company incorporated and domiciled in the United Kingdom (UK). The Company's principal activity is performing repairs for insurance and retail customers 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 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 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 effective 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.

Accounting policies (continued)

(A) Basis of preparation (continued)

(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 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 Company considers the carrying value of owner-occupied property (see accounting policy F and note 8), to be susceptible to changes in estimates and assumptions.

(C) Revenue recognition

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

Revenue is recognised as follows:

(a) Sales of goods

Revenues from the sale of products are recognised upon transfer to the customer of control, usually as invoiced and upon shipment.

(b) Sales of services

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

(c) Other income

Other income comprises commission, vehicle recovery fees and charges to the parent company relating to irrecoverable VAT.

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

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

Accounting policies (continued)

(C) Revenue Recognition (continued)

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

(D) Cost of sales

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

(E) Administrative expenses

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

(F) Property and equipment

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

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

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

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

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

(G) Impairment of non-financial assets

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

Accounting policies (continued)

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

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

(i) the rights to receive cash flows from the asset have expired;

(ii) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

(iii) the Company has transferred its rights to receive cash flows from the asset and either:

(a) has transferred substantially all the risks and rewards of the asset; or

(b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

(I) Inventories

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

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

(J) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses. The 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.

(K) Cash and cash equivalents

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

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Registered in England and Wales: No. 03078842

Accounting policies (continued)

(L) Leases

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

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

(M) Income taxes

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

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.

(N) Trade and other payables and other liabilities

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

Accounting policies (continued)

(O) Employee benefits

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

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

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

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

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

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

(R) Share capital and dividends
Equity instruments
An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Accordingly, a financial instrument is treated as equity if:

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

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

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

Solus (London) Limited

Registered in England and Wales: No. 03078842

Income statement

For the year ended 31 December 2023

	Note	2023 £000	2022 £000
Revenue	1	151,876	152,100
Cost of sales		(74,892)	(73,722)
Gross profit		76,984	78,378
Administrative expenses		(54,290)	(40,229)
Operating profit		22,694	38,149
Finance costs		(396)	(314)
Interest receivable		356	29
Profit before tax	2	22,654	37,864
Taxation	6	(5,296)	(7,355)
Profit for the year		17,358	30,509

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

The accounting policies on pages 14 to 19 and notes on pages 24 to 43 are an integral part of these financial statements.

Solus (London) Limited

Registered in England and Wales: No. 03078842

Statement of changes in equity

For the year ended 31 December 2023

	Ordinary share capital £000	Share premium £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2022	1	300	310	23,944	24,555
Profit for the year	-	-	-	30,509	30,509
Revaluation adjustment	-	-	800	-	800
Dividend declared	-	-	-	(25,000)	(25,000)
Total movement in the year	-	-	800	5,509	6,309
Balance at 31 December 2022	1	300	1,110	29,453	30,864
Balance at 1 January 2023	1	300	1,110	29,453	30,864
Profit for the year	-	-	-	17,358	17,358
Revaluation adjustment	-	-	-	-	-
Dividend declared	-	-	-	(15,000)	(15,000)
Total movement in the year	-	-	-	2,358	2,358
Balance at 31 December 2023	1	300	1,110	31,811	33,222

The accounting policies on pages 14 to 19 and notes on pages 24 to 43 are an integral part of these financial statements.

Solus (London) Limited

Registered in England and Wales: No. 03078842

Statement of financial position

As at 31 December 2023

	Note	2023 £000	2022 £000
ASSETS			
Non-current assets			
Property and equipment	8	27,113	23,216
		27,113	23,216
Current assets			
Inventories	10	2,596	3,556
Trade and other receivables	11	22,162	23,715
Cash and cash equivalents	17(b)	31,682	16,800
		56,440	44,071
LIABILITIES			
Current liabilities			
Trade and other payables	13	4,999	2,955
Tax liability	12(a)	7,284	4,466
Other liabilities	14	16,585	9,731
		28,868	17,152
Net current assets		27,572	26,919
Non-current liabilities			
Other liabilities	14	13,791	11,641
Tax Liability	12(a)	4,988	7,422
Deferred tax liability	12(b)	653	208
		19,432	19,271
Provisions			
Dilapidations	15	2,031	-
Net assets		33,222	30,864
EQUITY			
Ordinary share capital	16	1	1
Share premium	16	300	300
Revaluation reserve	16	1,110	1,110
Retained earnings		31,811	29,453
Total equity		33,222	30,864

The accounting policies on pages 14 to 19 and notes on pages 24 to 43 are an integral part of these financial statements.

The financial statements on pages 14 to 43 were approved by the Board on 14 June 2024 and signed on its behalf by:

Simon Smith

S Smith
Director

Solus (London) Limited

Registered in England and Wales: No. 03078842

Statement of cash flows

For the year ended 31 December 2023

	Note	2023	2022
		£000	**£000**
Cash flows from operating activities			
Net cash inflow from operating activities	17(a)	22,838	11,251
Net cash generated from operating activities		22,838	11,251
Cash flows from investing activities			
Purchases of property and equipment		(2,778)	(1,441)
Disposals of fixed assets		454	21
Net cash used in investing activities		(2,324)	(1,420)
Cash flows from financing activities			
Interim dividend paid	7	-	(5,000)
Lease liability payments		(5,631)	(3,090)
Net cash used in financing activities		(5,631)	(8,090)
Net increase in cash and cash equivalents		14,883	1,741
Cash and cash equivalents at 1 January		16,800	15,059
Cash and cash equivalents at 31 December	17(b)	31,683	16,800

The accounting policies on pages 14 to 19 and notes on pages 24 to 43 are an integral part of these financial statements.

Solus (London) Limited

Notes to the financial statements

1. Revenue

Revenue comprises the following:

	2023	2022
	£000	£000
Crash repairs	125,891	133,706
Other income	25,985	18,394
Total revenue	151,876	152,100

2. Profit before tax

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

	2023	2022
	£000	£000
Depreciation of property and equipment		
- Owned assets	2,214	2,122
- Leased assets	4,921	2,246
Repairs and maintenance of property and equipment	1,853	1,007
	8,988	5,375

Solus (London) Limited

Notes to the financial statements (continued)

3. Employee information

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

	2023	2022
	Number	**Number**
Operations	426	417
Administration	509	471
	935	888

Total staff costs were:

	2023	2022
	£000	**£000**
Wages and salaries	40,631	37,981
Social security costs	4,098	3,866
Termination benefits	327	91
Defined contribution schemes	1,488	1,281
	46,544	43,219

These costs were charged within:	2023	2022
	£000	**£000**
Administrative expenses	24,784	22,483
Cost of sales	21,760	20,736
	46,544	43,219

Notes to the financial statements (continued)

4. Directors

With the exception of one director, whose remuneration incurred by the Company is given below, all directors of the Company are remunerated for their roles as employees across the Group. They are not remunerated directly for their services as directors of this Company and the amount of time spent performing their duties is incidental to their roles across the Group. No cost is borne by the Company for these services.

	2023	2022
	£000	£000
Highest paid director		
Aggregate emoluments	212	193
	212	193

During the year, three of the directors exercised share options (2022: one) and seven of the directors were granted shares under long term incentive schemes (2022: four) in relation to shares of the Company's ultimate parent, Aviva plc. Details may be found in the annual report and financial statements of Aviva plc.

5. Auditors' remuneration

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

	2023	2022
	£000	£000
Fees payable to the Company’s auditors for the audit of the Company’s financial statements	25	26

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 recharged as appropriate to the Company and fellow Group companies.

Solus (London) Limited

Notes to the financial statements (continued)

6. Taxation

(a) Tax charged to the income statement

(i) The total tax charge comprises:

	2023	2022
	£000	**£000**
Current tax:		
For the year	4,988	7,422
Prior period adjustments	(137)	(461)
Total current tax	4,851	6,961
Deferred tax:		
Origination and reversal of temporary differences	445	394
Total deferred tax	445	394
Total tax charged to income statement	5,296	7,355

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

	2023	2022
	£000	**£000**
Provisions and other temporary differences	69	169
Pensions and other post retirement obligations	(9)	9
Accelerated capital allowances	385	216
Total deferred tax charged to income statement	445	394

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

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

Solus (London) Limited

Notes to the financial statements (continued)

6. Taxation (continued)

(c) Tax reconciliation

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

	2023 £000	2022 £000
Profit before tax	22,654	37,864
Tax calculated at standard UK corporation tax rate of 23.5% (2022: 19%)	5,324	7,194
Adjustments in respect of prior years	(143)	50
Disallowable expenses	88	143
Movement in valuation of deferred tax	27	(32)
Tax charged to the income statement (note 6(a))	5,296	7,355

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 and 31 December 2023.

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.

7. Dividends

	2023 £000	2022 £000
Interim dividend - £25,000 per share paid in December 2022		25,000
Interim dividend - £15,000 per share paid in December 2023	15,000	

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

An interim ordinary dividend of £25,000 thousand was paid and charged to equity in December 2022, being settled by a payment of £5,000 thousand in cash and a £20,000 thousand intercompany transfer.

In accordance with accounting policy Q all interim ordinary dividends settled during 2023 are recognised in the 2023 accounting period.

Solus (London) Limited

Notes to the financial statements (continued)

8. Property and equipment

	Owner-occupied properties	Short leasehold improvements	Motor vehicles	Fixtures, fittings and equipment	Plant and machinery	Right of Use Costs	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
2023							
Cost or valuation							
At 1 January 2023	3,350	2,237	151	7,770	10,856	23,071	47,435
Additions	-	160	58	1,590	970	8,708	11,486
Revaluation	(510)	-	-	-	-	-	(510)
Disposals	-	(96)	-	(193)	(577)	(2,417)	(3,283)
At 31 December 2023	2,840	2,301	209	9,167	11,249	29,362	55,128
Accumulated depreciation							
At 1 January 2023	510	1,876	117	5,155	7,755	8,806	24,219
Charge for the year	261	79	17	956	901	4,921	7,135
Revaluation	(510)	-	-	-	-	-	(510)
Disposals	-	(96)	-	(183)	(503)	(2,047)	(2,829)
At 31 December 2023	261	1,859	134	5,928	8,153	11,680	28,015
Carrying amount							
At 31 December 2023	2,579	442	75	3,239	3,096	17,682	27,113
2022							
Cost or valuation							
At 1 January 2022	2,550	2,211	126	6,960	10,478	19,204	41,528
Additions	-	26	29	819	566	5,113	6,554
Revaluation	800	-	-	-	-	-	800
Disposals	-	-	(4)	(9)	(188)	(1,246)	(1,447)
At 31 December 2022	3,350	2,237	151	7,770	10,856	23,071	47,435
Accumulated depreciation							
At 1 January 2022	255	1,795	104	4,341	6,975	7,806	21,276
Charge for the year	255	81	17	820	949	2,246	4,368
Disposals	-	-	(4)	(6)	(170)	(1,246)	(1,425)
At 31 December 2022	510	1,876	117	5,155	7,755	8,806	24,219
At 31 December 2022	2,840	361	34	2,615	3,101	14,265	23,216

Owner-occupied properties are long leasehold land and buildings, which management last revalued using an external independent valuer on an existing use basis as at 31 December 2022. If stated on a historic cost basis the carrying value would be £2,240 thousand (2022: £2,240 thousand).

Solus (London) Limited

Notes to the financial statements (continued)

9. Right of use assets and lease liabilities

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

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

(i) Total interest expense included in the income statement in respect of lease liabilities is £396 thousand (2022: £314 thousand). Total cash outflows recognised in the year in relation to leases were £9,277 thousand (2022: £3,090 thousand). Variable lease payments not included in the measurement of lease liabilities were £nil (2022: £nil).

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

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

	Property	Other Assets	Total
2022	**£000**	**£000**	**£000**
Balance at 1 January 2022	**10,788**	**611**	**11,399**
Additions	2,634	2,479	5,113
Disposals	(685)	(561)	(1,246)
Depreciation on Disposals	685	561	1,246
Depreciation	(1,662)	(585)	(2,246)
Balance at 31 December 2022	11,760	2,505	14,265

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

	2023	2022
	£000	**£000**
Within one year	5,048	3,726
Later than one year and not later than 5 years	9,394	8,150
Later than 5 years	4,397	3,490
Total at 31 December	18,839	15,366

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

Notes to the financial statements (continued)

10. Inventories

	2023	2022
	£000	£000
Raw materials	419	364
Work in progress	2,177	3,192
	2,596	3,556

The cost of inventories recognised as expense and included in ‘cost of sales’ in the income statement for the year amounted to £39,593 thousand (2022: £40,502 thousand). There is no impairment to cost recognised in the year to inventories.

11. Trade and other receivables

	2023	2022
	£000	£000
Trade and other receivables		
Related parties (note 20(a)(i))	8,556	12,671
Third parties	28	99
Prepayments	13,578	10,945
	22,162	23,715
Expected to be recovered in less than one year	22,162	23,715

Financial assets within the Trade and other receivables are held to collect on the contractual cash flows due to the Company, and are deemed to be solely payments of principal and interest. As a result of this business model and the assessment of the contractual cash flows, these instruments have been measured at amortised cost, which approximates to fair value. The amount charged to the income statement as an impairment of receivables for the year was £nil (2022: £nil).

Notes to the financial statements (continued)

12. Tax assets and liabilities

(a) Current tax

Current tax liabilities payable in more and less than one year are £4,988 thousand and £7,284 thousand (2022: £7,422 thousand and £4,466 thousand) respectively.

(b) Deferred taxes

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

	2023	2022
	£000	£000
Provisions and other temporary differences	67	136
Pensions and other post retirement obligations	28	19
Accelerated capital allowances	(748)	(363)
Net deferred tax liability	(653)	(208)

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

	2023	2022
	£000	£000
Net deferred tax asset at 1 January	(208)	186
Amounts charged to income statement	(445)	(394)
Net deferred tax liability at 31 December	(653)	(208)

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.

Solus (London) Limited

Notes to the financial statements (continued)

13. Trade and other payables

	2023	2022
	£000	£000
Trade payables	2,968	1,921
Amounts due to related parties (Note 20 (a)(ii))	959	92
Social security and other taxes	1,072	942
	4,999	2,955
Expected to be settled within one year	4,999	2,955

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

14. Other liabilities

	2023	2022
	£000	£000
Lease Liabilities	18,839	15,366
Accruals	11,537	6,006
	30,376	21,372
Expected to be settled within one year	16,585	9,731

15. Dilapidations

	Building Dilapidations
	£000
Balance at 1 January 2023	-
Provided during year	2,031
Utilised during year	-
Balance at 31 December 2023	2,031

2023	**Building Dilapidations £000**
Current dilapidations	182
Non-current dilapitdations	1,849
	2,031

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

16. Ordinary share capital

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

	2023	**2022**
	£000	**£000**
Allotted, called up and fully paid		
1,000 (2022: 1,000) ordinary shares of £1 each	1	1

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

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

Solus (London) Limited

Notes to the financial statements (continued)

17. Statement of cash flows

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

	2023	2022
	£000	£000
Profit before tax	22,654	37,864
Adjustments for:		
Depreciation	7,135	4,368
Changes in working capital:		
Decrease/(increase) in inventories	960	(582)
Increase in trade and other receivables	(13,447)	(29,816)
Increase/(decrease) in trade and other payables	2,044	(1,627)
Increase in other liabilities	3,492	1,044
Net cash inflow from operating activities	22,838	11,251

The line item in the cash flow statement relating to dividends paid excludes the non-cash settlement of dividends declared of £15,000 thousand (2022: £20,000 thousand). The non-cash settlement was made against the related party trade receivable balance. As such the amount disclosed as interim dividend paid in the Statement of Cashflows for the comparative period includes only the net dividend paid in cash.

(b) Cash and cash equivalents in the statement of cash flows at 31 December comprise:	**2023 £000**	**2022 £000**
Cash and cash equivalents	31,682	16,800

(c) Liabilities from financing activities - leases:	**2023**	**2022**
	£000	**£000**
Lease liabilities at 1 January	(15,366)	(13,029)
Cash flows (rental payments)	5,631	3,090
New leases (additions)	(8,708)	(5,113)
Interest	(396)	(314)
Lease liabilities at 31 December	(18,839)	(15,366)

Solus (London) Limited

Notes to the financial statements (continued)

18. Risk management

The Company operates a Risk Management Framework ("RMF") that forms an integral part of the management and Board processes and decision-making framework and is aligned to both its immediate parent, AIL and ultimate parent, Aviva Plc. The RMF comprises the systems of governance including risk policies and business standards risk management processes, risk oversight by the Board and clearly defined roles and responsibilities along with the processes used to Identify, Measure, Manage, Monitor and Report (“IMMMR”) risks.

Board oversight of risk and risk management across the Company is maintained on a regular basis. The Board has overall responsibility for determining risk appetite for the Company, which is an expression of the risk the business is willing to take. For the purposes of risk identification and measurement, risks are grouped by risk type: credit, liquidity and operational risk. Risks falling within these types may affect a number of metrics including those relating to strength within the statement of financial position, liquidity and profit.

The ‘three lines of defence model’ is adopted by the Company. First line (the Business) is accountable for the management of all risks relevant to the business of the Company including the implementation of the RMF and embedding of the risk culture. Second Line (the Risk Function) is responsible for providing independent objective quantitative and qualitative oversight and challenge of the IMMMR processes and for developing the RMF. Third Line (Internal Audit) provides an independent assessment of the risk management framework and internal control processes.

18. Risk management (continued)

(a) Financial risk management

(i) Credit risk

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

At 31 December 2023, receivables (excluding prepayments) are £8,584 thousand (2022: £12,770 thousand). Of this amount, £8,556 thousand (2022: £12,671 thousand) is due from related parties, details of which are set out in note 20.

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

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

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

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.

Solus (London) Limited

Notes to the financial statements (continued)

18. Risk management (continued)

(a) Financial risk management (continued)

(i) Credit risk (continued)

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

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

31 December 2022	Neither past due nor impaired	Past due but not impaired 30-60 days	Past due but not impaired 60-90 days	Past due and impaired >90 days	Impairment provision	Carrying value in the statement of financial position
	£000	£000	£000	£000	£000	£000
Trade and other receivables - third parties	60	23	15	25	(24)	99
Trade and other receivables - related parties	11,661	778	190	42	(0)	12,671
	11,721	801	205	67	(24)	12,770

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:

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

	Financial exposure by credit rating					Carrying value in the statement of financial position
31 December 2022	AAA	AA	A	BBB	Non-rated	
	£000	£000	£000	£000	£000	£000
Trade and other receivables - third parties	-	-	-	-	99	99
Trade and other receivables - related parties	-	-	12,671	-	-	12,671
	-	-	12,671	-	99	12,770

Notes to the financial statements (continued)

18. Risk management (continued)

(a) Financial risk management (continued)

(i) Credit risk (continued)

The Company's cash and cash equivalents of £31,682 thousand (2022: £16,800 thousand) is placed with one counterparty as at 31 December 2023 (2022: one) with a credit rating of A (2022: A)

The management of credit risk is overseen by the Board.

(ii) Liquidity risk

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

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

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

31 December 2023	Within 1 year	1 to 5 years	Total
	£000	£000	£000
Trade and other receivables (excluding prepayments)	8,584	-	8,584
Cash and cash equivalents	31,682	-	31,682
	40,266	-	40,266

31 December 2022	Within 1 year	1 to 5 years	Total
	£000	£000	£000
Trade and other receivables (excluding prepayments)	12,770	-	12,770
Cash and cash equivalents	16,800	-	16,800
	29,570	-	29,570

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

Notes to the financial statements (continued)

18. Risk management (continued)

(a) Financial risk management (continued)

(ii) Liquidity risk (continued)

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

31 December 2023	Within 1 year	1 to 5 years	Total
	£000	£000	£000
Trade and other payables (excluding social security & other taxes)	3,927	-	3,927
Other liabilities	16,585	13,791	30,376
	20,512	13,791	34,303

31 December 2022	Within 1 year	1 to 5 years	Total
	£000	£000	£000
Trade and other payables (excluding social security & other taxes)	2,013	-	2,013
Other liabilities	9,731	11,641	21,372
	11,744	11,641	23,385

The management of liquidity risk is overseen by the Board.

(b) Operational risk management

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

Management is responsible for identifying and managing operational risks of the business. Residual risk outside tolerance is given prioritised management action to reduce it within tolerance. Management use key indicator data to help monitor the status of the risk and control environment. They also identify and capture loss events, taking appropriate action to address actual control breakdowns and promote internal learning.

The management of operational risk is overseen by the Board.

19. Capital structure

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

(a) Capital management

In managing its capital, the Company seeks to:

(i) maintain financial strength to support new business growth;
(ii) retain financial flexibility; and
(iii) allocate capital efficiently to support growth and repatriate excess capital where appropriate.

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

(b) Measure of capital

The Company is required to report its results on an IFRS basis.

(c) Capital structure

	IFRS net assets 2023 £000	IFRS net assets 2022 £000
Motor vehicle repairer	33,221	30,864
Total capital employed	33,221	30,864
Financed by		
Total equity	33,221	30,864

Notes to the financial statements (continued)

20. Related party transactions

(a) The Company had the following related party transactions in 2023 and 2022:

(i) Services provided to related parties

	2023	2023	2022	2022
	Income earned in year	Receivable at year end	Income earned in year	Receivable at year end
	£000	£000	£000	£000
Parent	151,013	8,556	151,467	12,671

The parent company is the insurer who passes crash repair business to the Company.

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

(ii) Services provided by related parties

	2023	2023	2022	2022
	Expenses incurred in year	Payable at year end	Expenses incurred in year	Payable at year end
	£000	£000	£000	£000
Other Group companies	867	959	92	92

Notes to the financial statements (continued)

20. Related party transactions (continued)

(iii) Key management compensation

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

(b) Immediate parent company

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

(c) Ultimate controlling entity

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

21. 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.