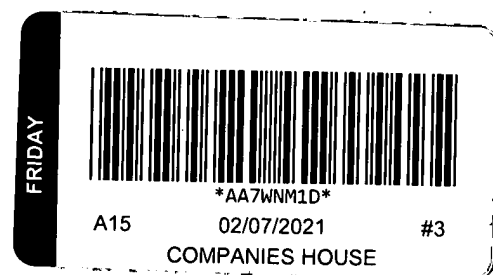


# AVIVA MANAGEMENT SERVICES UK LIMITED

COMPANY INCORPORATED IN ENGLAND AND WALES  
REGISTRATION NUMBER 983330

## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020



# **Aviva Management Services UK Limited**

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## **Directors and Officers**

### **Directors**

J C Baddeley  
K J Bye  
M Robinson

### **Officer- Company Secretary**

Aviva Company Secretarial Services Limited  
St Helen's  
1 Undershaft  
London  
EC3P3DQ

### **Independent Auditors**

PricewaterhouseCoopers LLP  
29 Wellington Street  
Leeds  
LS1 4DL

### **Registered Office**

Aviva  
Wellington Row  
York  
YO90 1WR

### **Company Number**

Registered in England and Wales: No. 983330

### **Other Information**

Aviva Management Services UK Limited (the Company) is a private company limited by shares and is a member of the Aviva plc group of companies (the Group)

# Aviva Management Services UK Limited

## Contents

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	Page
Strategic report .....	3
Directors' report.....	6
Independent auditors' report.....	8
Profit and loss account.....	11
Balance sheet.....	12
Statement of changes in equity.....	13
Notes to the financial statements.....	14

# Aviva Management Services UK Limited

## Strategic report

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The directors present their strategic report for Aviva Management Services UK Limited (the Company) for the year ended 31 December 2020.

### Principal activities

The Company is a wholly owned subsidiary of Aviva Life Services UK Limited (UKLS) and is incorporated in the United Kingdom. The Company operates as part of the Aviva plc group of companies (the Group). Further information is contained in the 2020 financial statements of Aviva plc. The Company's ultimate parent and controlling company is Aviva plc.

In 2020 the principal activities of the Company comprised the processing of premiums and commission income and payments in respect of regulated sales on behalf of Aviva Life and Pensions UK Limited, a fellow subsidiary of the Group.

### Results and business review

The (loss)/profit for the year ended 31 December 2020 is set out in the profit and loss account on page 10.

### Key Performance Indicators (KPIs)

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

	2020 £'000	2019 £'000
Turnover	-	16
Administrative expenses	(96)	(382)
(Loss)/profit for the financial year	(318)	4,869
Capital and reserves	14,942	15,260

The net assets of the Company at 31 December 2020 are £14.9 million (2019: £15.3 million). The downward movement is due to in year losses of £0.3 million.

### Section 172 (1) statement

The Directors report here how they have discharged their duties under Section 172(1) of the Companies Act 2006 which the directors must have regard to in their duty to promote the success of the Company for the benefit of its shareholders which includes having regard to other stakeholders.

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 and to its 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 fail to act in the manner the Board expects of them.

For each matter which comes before the Board, stakeholders who may be affected are identified and their interests are carefully considered as part of the Board's decision-making process.

The 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

As the provider of financial services to millions of customers, Aviva seeks to earn its customers' trust by acting with integrity and a deep sense of responsibility at all times. The Aviva Group looks to build relationships with stakeholders based on openness and continuing dialogue.

## **Aviva Management Services UK Limited**

### **Strategic report (continued)**

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The Company's culture is shaped, in conjunction with its ultimate life holding company, Aviva Life Holdings UK Limited, and its ultimate shareholder Aviva plc by jointly held and clearly defined values to help ensure it does the right thing. The Company values diversity and inclusivity in its workforce and beyond. The commitment the Company makes to each customer extends to all the Company's stakeholders; that is 'with you today, for a better tomorrow'.

Throughout the Company's business, the Board is proud that our people live the Aviva values; Care, Community, Commitment and Confidence, by caring for our customers, for each other and for the communities they serve.

#### **Key strategic decisions in 2020**

During 2020 a decision was taken to continue with the service company simplification which involves the transition of existing contracts held with Aviva Management Services UK Limited and Aviva Administration Limited to Aviva Life Services UK Limited as the main service company for the UK Life business. In September 2020, the Board agreed to take such action as was required to progress the novation of the relevant contracts from the Company to UKLS.

In November 2020, the Board resolved to change the Company's registered office address from Pixham End, Dorking, Surrey, RH4 1QA, to Aviva, Wellington Row, York YO90 1WR. The change was due to the forthcoming closure of the Dorking Offices and Wellington Row was chosen as the most appropriate address as the Company's statutory records were held there. The change came into effect on 15 January 2021.

#### **Stakeholder engagement**

##### **(i) Employees**

The Company has no employees. The staff engaged in the activities of the Company are employed by fellow subsidiary undertakings of Aviva plc. As part of the Aviva Group, these staff enjoy the benefit of the Aviva Group policies and benefits made available to them.

The Company's engagement mechanisms align with those of Aviva Group, such as employee forums, internal communication channels, and in formal meetings with Directors and employee engagement surveys.

The Group carries out a comprehensive global employee engagement survey each year, and the results are considered in the context of the Group's culture, values and behaviours. Actions to continually improve the results are discussed and agreed.

Aviva Group employees share in the business' success as shareholders through membership of the Group's global share plans.

The Company supported the safety and well-being of staff through the provision of equipment to enable all employees to work from home through the Covid-19 pandemic and the Board received reporting on employees throughout the year.

##### **(ii) Customers**

The Company has no external customers.

##### **(iii) Suppliers**

All supplier related activity is managed in line with the Group 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.

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. Aviva is a Living Wage employer in the UK, and supplier contracts include a commitment to paying eligible employees not less than the Living Wage in respect of work provided to Aviva at our premises in the UK.

## **Aviva Management Services UK Limited**

### **Strategic report (continued)**

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#### **(iv) Communities**

The Board supports the community activities of the Aviva Group including the wellbeing proposition for UK employees and Aviva communities to help drive greater diversity and inclusivity throughout the organisation and to support colleagues to volunteer in their communities.

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.

#### **(v) Shareholders**

The Company's ultimate shareholder is Aviva plc and its immediate shareholder is Aviva Life Services UK Limited. Any matters requiring escalation are escalated by the Board through the Chairman to its parent.

#### **Future outlook**

The Company is expected to continue with its existing activities for the foreseeable future.

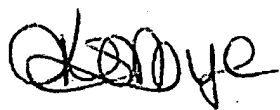
#### **Principal risks and uncertainties**

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

The Company uses a number of metrics to identify, measure, manage, monitor and report risks and a fuller explanation of these risks, other than operational risk, may be found in note 13 to the financial statements.

On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The prolonged spread of COVID-19 has resulted in an economic downturn in jurisdictions in which the Company operates and the global economy more widely, as well as causing increased volatility and declines in financial markets. The Company continues to maintain a positive net asset value and since the onset of the pandemic the Company has remained operational.

Approved by the Board on 30 June 2021 and signed on its behalf by:



**Aviva Company Secretarial Services Limited**  
*Company Secretary*

## **Aviva Management Services UK Limited**

### **Directors' report**

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The directors present their annual report and audited financial statements for Aviva Management Services UK Limited (the Company) for the year ended 31 December 2020.

#### **Directors**

The names of the present directors of the Company appear on page 1.

M Harper resigned as a director of the Company on 3 February 2020.

S E Robinson resigned as a director of the Company on 21 May 2021. On the same date, M Robinson was appointed as a director of the Company.

#### **Dividends**

No dividend was paid for the financial year ending 31 December 2020 (2019: £nil).

#### **Major events**

There are no major events to report for 2020.

#### **Statement of going concern**

The financial statements have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the directors have considered the information contained in the financial statements of the Company. The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the approval of the financial statements.

#### **Future developments**

Likely future developments in the business of the Company are discussed in the Strategic Report on page 5.

#### **Financial risk management**

Details of financial risk management are discussed in the principal risks and uncertainties section of the Strategic Report on page 5 and note 13 to the financial statements.

#### **Employees**

The majority of staff are employed by a fellow subsidiary undertaking of Aviva plc, Aviva Employment Services Limited (AES), who make a management charge for services, including the provision of staff to the Company. It is not possible to ascertain separately the element of the management charge that relates to staff costs. Disclosures relating to employee remuneration and the average number of persons employed are made in the Financial Statements of AES.

#### **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:

- so far as the director is aware, there is no relevant audit information of which the auditors are unaware; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

#### **Independent auditors**

It is the intention of the directors to reappoint the auditors, PricewaterhouseCoopers LLP, under the deemed appointment rules of Section 487 of the Companies Act 2006.

## **Aviva Management Services UK Limited**

### **Directors' report (continued)**

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#### **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 234 of the Companies Act 1985. These qualifying third party indemnity provisions were in force throughout the 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.

These qualifying third-party indemnity provisions were extended to the directors of the Company following acquisition of Friends Life Group Limited by Aviva plc.

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

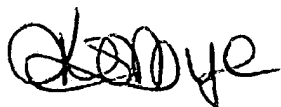
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 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 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.

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.

By order of the Board



**Aviva Company Secretarial Services Limited**  
*Company Secretary*

30 June 2021



# **Aviva Management Services UK Limited**

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

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### **Report on the audit of the financial statements**

#### **Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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 (the "Annual Report"), which comprise: balance sheet as at 31 December 2020; profit and loss account and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **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.

# **Aviva Management Services UK Limited**

## **Independent auditors' report to the members of Aviva Management Services UK Limited (continued)**

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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 2020 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 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 posting inappropriate journal entries to manipulate reported results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiry of management and those charged with governance around actual and potential litigations and claims;
- enquiry of management and those charged with governance to identify any instances of non-compliance with laws and regulations;
- review of minutes of meetings held by those charged with governance;

## **Aviva Management Services UK Limited**

### **Independent auditors' report to the members of Aviva Management Services UK Limited (continued)**

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- review of financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- performing procedures over the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

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

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

#### **Use of this report**

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

#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



*James Wilkinson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds*

*30 June 2021*

**Aviva Management Services UK Limited**  
**Profit and loss account**  
**For the year ended 31 December 2020**

	Note	2020 £'000	2019 £'000
Turnover		-	16
Administrative expenses		(96)	(382)
<b>Gross loss</b>		<b>(96)</b>	<b>(366)</b>
Interest receivable and similar income		152	310
Other (expense)/income		(1,542)	952
<b>(Loss)/profit before taxation</b>	5	<b>(1,486)</b>	<b>896</b>
Tax on (loss)/profit	6	1,168	3,973
<b>(Loss)/profit for the financial year</b>		<b>(318)</b>	<b>4,869</b>

All of the above amounts are in respect of continuing operations.

The Company has no other comprehensive income.

The information on pages 14 to 22 forms an integral part of these financial statements.

# Aviva Management Services UK Limited

## Balance sheet

As at 31 December 2020

	Note	2020 £'000	31 Dec 2019 £000 restated	1 Jan 2019 £000 restated
<b>Fixed assets</b>				
Right-of-use assets	8	-	215	-
<b>Current assets</b>				
Amounts owed by group undertakings		48,798	9,597	15,497
Other debtors	9	8,616	9,140	8,193
<b>Total debtors</b>		<b>57,414</b>	<b>18,737</b>	<b>23,690</b>
Cash at bank and in hand		80,453	41,389	67,520
<b>Creditors: amounts falling due within one year</b>				
Amounts owed to group undertakings	3	(116,083)	(33,127)	(65,308)
Other creditors including taxation and social security	3,10	(3,058)	(3,925)	(4,828)
		<b>(119,141)</b>	<b>(37,052)</b>	<b>(70,136)</b>
<b>Net current assets</b>		<b>18,726</b>	<b>23,074</b>	<b>21,074</b>
<b>Total assets less current liabilities</b>		<b>18,726</b>	<b>23,289</b>	<b>21,074</b>
Provisions for liabilities	11	(3,286)	(5,101)	(9,886)
Lease liabilities	8	(498)	(2,928)	-
<b>Net assets</b>		<b>14,942</b>	<b>15,260</b>	<b>11,188</b>
<b>Capital and reserves</b>				
Called up share capital	12	10,100	10,100	10,100
Profit and loss account		4,842	5,160	1,088
<b>Total equity</b>		<b>14,942</b>	<b>15,260</b>	<b>11,188</b>

The financial statements were authorised for issue by the Board of directors on 30 June 2021 and were signed on its behalf:



**M Robinson** *Director*

The information on pages 14 to 22 forms an integral part of these financial statements.

## Aviva Management Services UK Limited

### Statement of changes in equity

For the year ended 31 December 2020

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
<b>Balance at 1 January 2019</b>	10,100	291	10,391
Profit for the financial year	-	4,869	4,869
<b>Balance at 31 December 2019</b>	<b>10,100</b>	<b>5,160</b>	<b>15,260</b>
Loss for the financial year	-	(318)	(318)
<b>Balance at 31 December 2020</b>	<b>10,100</b>	<b>4,842</b>	<b>14,942</b>

The information on pages 14 to 22 forms an integral part of these financial statements.

# Aviva Management Services UK Limited

## Notes to the financial statements

For the year ended 31 December 2020

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### 1. Accounting policies

#### (a) Basis of presentation

The financial statements have been prepared in accordance with The Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the directors have considered the information contained in the financial statements of the Company. The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the approval of the financial statements.

The financial statements are stated in 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).

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020. These policies have been consistently applied to all years presented, unless otherwise stated.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 10(d) and 111 of IAS 1 Presentation of Financial Statements to include a statement of cash flows and the requirements of IAS 7 Statement of Cash Flows;
- (b) the requirements of paragraph 16 of IAS 1 to make a statement of compliance with the international accounting standards;
- (c) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose when an entity has not applied a new accounting standard that has been issued but is not yet effective;
- (d) the requirements of paragraph 17 of IAS 24 Related Party Disclosure to disclose key management personnel compensation;
- (e) the requirements in IAS 24 'Related Party Disclosures', to disclose related party transactions entered into between two or more members of a group;
- (f) Paragraph 18A of IAS 24, 'Related party disclosures', related to key management services provided by a separate management entity.

New standards and minor clarifications to existing guidance on a number of standards became effective for the reporting period beginning on 1 January 2020. Amendments to References to the Conceptual Framework in IFRS Standards (published by the IASB in March 2018); Amendments to IFRS 3 Business Combinations (published by the IASB in October 2018); Amendments to IAS 1 and IAS 8: (Definition of material) (published by the IASB in October 2018); Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7 (published by the IASB in October 2019). The amendments do not have any impact on the Company's financial statements.

#### (b) Interest receivable and payable

Interest receivable and payable is accounted for on an accruals basis.

#### (c) Administrative expenses

Administrative expenses, including commission payable, are accounted for on an accruals basis.

#### (d) Other (expenses)/income

Other (expenses)/income are recognised on an accrual basis. This includes foreign exchange gains and losses.

# **Aviva Management Services UK Limited**

## **Notes to the financial statements**

### **For the year ended 31 December 2020 (continued)**

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Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement with in 'Other (expenses)/income'.

#### **(e) Receivables and payables**

Receivables and payables are initially recognised at cost, being fair value. Subsequent to initial measurement they are held at amortised cost, which given the short term nature of the items is considered a reasonable approximation to fair value.

#### **(f) Cash**

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

#### **(g) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recorded as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the effect of the time value of money is material, the provision is the present value of the expected expenditure.

#### **(h) 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.

#### **(i) Income taxes**

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

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

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

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

Deferred tax is provided on any temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred taxes are not provided in respect of any temporary differences arising from the initial recognition of goodwill, or from the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit or loss at the time of the transaction.



# Aviva Management Services UK Limited

## Notes to the financial statements

For the year ended 31 December 2020 (continued)

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 available for sale investments, owner-occupied properties, pensions and other post-retirement obligations and other amounts charged or credited directly to other comprehensive income is recognised in the statement of financial position as a deferred tax asset or liability.

### (j) Share capital

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 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.

## 2. Use of judgements, estimates and assumptions

The preparation of the Company's financial statements, in accordance with FRS 101, requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. Actual results may differ from those estimates, possibly significantly. The item considered particularly susceptible to changes in estimates and assumptions, and the relevant accounting policy, is provisions for liabilities (as detailed in note 10).

The Company holds a property provision for one property for which it is the lessee. The amount of the provision is determined based on the Company's estimation of expenditure required to settle the obligation at the statement of financial position date. The valuation of the provision involves a high degree of judgement and estimation uncertainty due to the length of the lease periods and reliance on 3<sup>rd</sup> party expertise.

## 3. Prior period restatement

Following a review of creditor balances it was determined that within the 'Other creditors including taxation and social security' balance there were commission liabilities for amounts due to advisers who are no longer owed this commission. These liabilities are due back to Aviva Life & Pensions UK Limited and so have been restated as amounts due to group undertakings. The corresponding comparative amounts have therefore been restated in the Company's financial statements. The impact of this change on the statement of financial position is as follows:

	1 January 2019			31 December 2019		
	As reported £000	Effect of changes £000	Restated £000	As reported £000	Effect of changes £000	Restated £000
<b>Total assets</b>	<b>91,210</b>	<b>-</b>	<b>91,210</b>	<b>60,341</b>	<b>-</b>	<b>60,341</b>
<b>Total equity and liabilities</b>	<b>91,210</b>	<b>-</b>	<b>91,210</b>	<b>60,341</b>	<b>-</b>	<b>60,341</b>
<b>Total liabilities</b>	<b>80,022</b>	<b>-</b>	<b>80,022</b>	<b>45,081</b>	<b>-</b>	<b>45,081</b>
<i>Effect analysed as:</i>						
Amounts owed to group undertakings	63,733	1,575	65,308	30,426	2,701	33,127
Other creditors including taxation and social security	6,403	(1,575)	4,828	6,626	(2,701)	3,925

**Aviva Management Services UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020 (continued)**

There is no impact on either the Income statement or the Statement of changes in equity as a result of this restatement.

**4. Auditors' remuneration**

The following table provides analysis of the total fees, excluding VAT, in respect of services provided to the Company during the year ended 31 December 2020. Fees paid to the Company's auditors, PricewaterhouseCoopers LLP (PwC) and its associates for services other than the statutory audit of the Company and other Group undertakings are disclosed in the consolidated financial statements of Aviva plc.

	2020 £'000	2019 £'000
<b>Audit services</b>		
Audit of the Company's financial statements	34	73
<b>Total fees</b>	<b>34</b>	<b>73</b>

**5. (Loss)/profit before taxation**

	2020 £'000	2019 £'000
<b>(Loss)/profit before tax is stated after charging:</b>		
Auditors' remuneration	34	73

**6. Tax on (loss)/profit**

**(a) Tax credited to the income statement**

(i) The total tax credit comprises:

	2020 £'000	2019 £'000
<b>Current tax</b>		
For this year	1,599	1,239
Prior period adjustments	33	3,927
<b>Total current tax credit</b>	<b>1,632</b>	<b>5,166</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(1,097)	(1,333)
Changes in tax rates or tax laws	633	140
<b>Total deferred tax</b>	<b>(464)</b>	<b>(1,193)</b>
<b>Total tax credited to the income statement</b>	<b>1,168</b>	<b>3,973</b>

(ii) Deferred tax charged to the profit and loss account represents movements on the following items.

	2020 £'000	2019 £'000
Accelerated capital allowances	(407)	(1,122)
Provisions and other temporary differences	(57)	(71)
<b>Total deferred tax charged to the income statement</b>	<b>(464)</b>	<b>(1,193)</b>

**(b) Tax charged to other comprehensive income**

There was no tax charged to other comprehensive income in either 2020 or 2019.

**Aviva Management Services UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020 (continued)**

**(c) Tax reconciliation**

The tax on the Company's (loss)/profit before tax differs from (2019: differs from) the theoretical amount that would arise using the tax rate of the United Kingdom as follows:

	2020 £'000	2019 £'000
Total (loss)/profit before tax	(1,486)	896
Tax calculated at standard UK corporation tax rate of 19% (2019: 19%)	282	(170)
Non assessable income	-	76
Change in future statutory tax rate	633	140
Adjustment to tax charge in respect of prior years	253	3,927
Total tax credit to the income statement	1,168	3,973

During 2020, the reduction in the UK corporation tax rate that was due to take effect from 1 April 2020 was cancelled and as a result, the rate has remained at 19%. This revised rate has been used in the calculation of the Company's deferred tax assets and liabilities as at 31 December 2020 and increased the Company's deferred tax assets by £633,000.

In the Budget of 3 March 2021, the UK Government announced that the UK corporation tax rate will increase to 25% from 1 April 2023. As of 31 December 2020, this measure had not been substantively enacted and therefore no impact is reflected in the calculation of the Company's deferred tax assets and liabilities as at 31 December 2020. This measure would increase the Company's deferred tax assets by approximately £1,553,000.

**7. Tax assets and liabilities**

**(a) Current tax**

The current tax asset of £2,871,000 includes £1,598,000 (2019: £1,239,000), which is recoverable in more than one year.

**(b) Deferred tax**

(i) The balance at 31 December comprises:

	2020 £'000	2019 £'000
Deferred tax assets	4,918	5,382
<b>Total deferred tax asset</b>	<b>4,918</b>	<b>5,382</b>

(ii) The total deferred tax asset arises on the following items:

	2020 £'000	2018 £'000
Provisions and other temporary differences	35	93
Accelerated capital allowances	4,883	5,289
<b>Total deferred tax asset</b>	<b>4,918</b>	<b>5,382</b>

**Aviva Management Services UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020 (continued)**

(iii) The movement in the total deferred tax asset was as follows:

	2020 £'000	2019 £'000
<b>Total deferred tax asset at 1 January</b>	<b>5,382</b>	<b>6,411</b>
Adjustment at 1 January for adoption of IFRS16	-	164
Amounts charged to profit and loss account	(464)	(1,193)
<b>Total deferred tax asset at 31 December</b>	<b>4,918</b>	<b>5,382</b>

**8. Lease assets and liabilities**

From 1 January 2019 the Company adopted IFRS 16, Leases, the standard which replaced IAS 17, Leases. Adoption of the standard resulted in assets previously held under operating leases (and their corresponding lease liabilities) being recognised on the statement of financial position for the first time. Adoption of the standard resulted in the following assets and liabilities being included within the statement of financial position for the first time at 1 January 2019:

£0.6 million right-of-use asset  
£0.2 million deferred tax asset; and  
£5.7 million lease liabilities

(i) The following table analyses the right of use assets relating to leased properties occupied by the Company.

	2020 £'000	2019 £'000
<b>Balance at 1 January</b>	<b>215</b>	<b>639</b>
Depreciation charge for the year	(215)	(424)
<b>Balance at 31 December</b>	<b>-</b>	<b>215</b>

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

	2020 £'000	2019 £'000
Within one year	498	2,454
Within two to five years	-	498
	<b>498</b>	<b>2,952</b>

(iii) Future contractual aggregate minimum lease rentals receivable under non-cancellable leases are as follows:

	2020 £'000	2019 £'000
Within one year	156	999
Within two to five years	-	156
	<b>156</b>	<b>1,155</b>

**Aviva Management Services UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020 (continued)**

**9. Other debtors**

	2020	2019
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Corporation tax receivable	1,272	1,999
Other debtors	789	481
	<b>2,061</b>	<b>2,480</b>
<b>Amounts falling due after more than one year:</b>		
Corporation tax receivable	1,598	1,239
Deferred tax	4,919	5,382
Policy related debtors	38	39
	<b>6,555</b>	<b>6,660</b>
	<b>8,616</b>	<b>9,140</b>

**10. Other creditors including taxation and social security**

	2020	2019
	£'000	£'000
<b>Amounts falling due within one year:</b>		restated
Other creditors	<b>3,058</b>	<b>3,925</b>

**11. Provisions for liabilities**

	2020			2019		
	Property	Other	Total	Property	Other	Total
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 January</b>	<b>3,863</b>	<b>1,238</b>	<b>5,101</b>	<b>8,071</b>	<b>1,815</b>	<b>9,886</b>
IFRS16 adoption adjustment	-	-	-	(4,097)	-	(4,097)
<b>Revised balance at 1 January</b>	<b>3,863</b>	<b>1,238</b>	<b>5,101</b>	<b>3,974</b>	<b>1,815</b>	<b>5,789</b>
Provided in the year	250	34	284	-	1,153	1,153
Utilised in the year	(922)	-	(922)	(111)	-	(111)
Amounts released	-	(1,177)	(1,177)	-	(1,730)	(1,730)
<b>Balance at 31 December</b>	<b>3,191</b>	<b>95</b>	<b>3,286</b>	<b>3,863</b>	<b>1,238</b>	<b>5,101</b>

The property provision contains an element related to restoration costs of £3,005,000 (2019: £3,178,000). The other provisions balance relates to amounts held in respect of commission creditor balances.

Property provisions are fully utilised or released once agreement has been reached with the landlord regarding the settlement of restoration costs on exiting the property.

**Aviva Management Services UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020 (continued)**

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**12. Called up share capital**

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

	2020 £'000	2019 £'000
<b>Allotted and issued</b>		
10,100,000 ordinary shares of £1 each (2019: 10,100,000)	10,100	10,100

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.

**13. Directors' emoluments**

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

**14. Risk management**

**(a) Risk management framework**

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

The RMF has been adopted by the boards of the legal entities within the business collectively referred to as "UK Life" (including this Company).

For the purposes of risk identification and measurement, and aligned to the Company's risk policies, risks are usually grouped by risk type: credit, market, liquidity, life insurance (including long-term health), and operational risk. Risks falling within these types may affect a number of metrics including those relating to statement of financial position strength, liquidity and profit. They may also affect the performance of the products the Company delivers to its customers and the service to its customers and distributors, which can be categorised as risks to brand and reputation or as conduct risk.

To promote a consistent and rigorous approach to risk management across the business, the Company has a set of risk policies and business standards which set out the risk strategy, appetite, framework and minimum requirements for the Company's operations. The UK Life Chief Executive Officer makes an annual declaration that the system of governance and internal controls was effective and fit for purpose for their business throughout the year; this declaration is supported by an opinion from the Chief Risk Officer. Any material weaknesses in subsidiary companies are considered as part of this overall process.

A regular top-down key risk identification and assessment process is carried out by the risk function. This includes the consideration of emerging risks and is supported by deeper thematic reviews. The Company also operates a risk and control self-assessment process. The risk assessment processes are used to generate risk reports which are shared with the relevant risk committees.

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

# **Aviva Management Services UK Limited**

## **Notes to the financial statements**

### **For the year ended 31 December 2020 (continued)**

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Board oversight of risk and risk management across the Company is maintained on a regular basis through its Management Committee. The Board has overall responsibility for determining risk appetite, which is an expression of the risk the business is willing to take. Risk appetites are set relative to capital and liquidity.

#### **(b) Market risk**

Market risk is the risk of loss or adverse change in the financial situation (including the value of assets, liabilities and income) resulting, directly or indirectly, from fluctuations in the level or the volatility of market variables, such as interest rates, foreign exchange rates, equity, property and commodity prices. The nature of the business means that the Company is not exposed to significant market risk.

#### **(c) Credit risk**

Credit risk is the risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements. The Company's management of credit risk under the oversight of the Asset & Liability Committee (ALCO), includes the articulation of risk appetite, exposure limit frameworks and investment and lending criteria within credit risk policies and management agreements.

The nature of the Company's business means that it is not exposed to significant credit risk. This is because its receivables are mainly inter-company balances. This is because its receivables are mainly inter-company balances. A significant amount of business relates to the Aviva Group of companies and exposure is managed through regular and timely payments.

#### **(d) Liquidity risk**

The nature of the business means that the Company is not exposed to significant liquidity risk. ALCO seeks to determine that the Company has sufficient financial resources to meet its obligations as they fall due.

### **15. Related party transactions**

The Company is a wholly owned subsidiary undertaking of Aviva plc. The results of the Company are consolidated in the results of Aviva plc, the Company's ultimate parent and controlling company, whose financial statements are publicly available.

Under FRS 101 the Company is exempt from the requirements of IAS 24 Related Party Disclosures, concerning the disclosure of transactions entered into between two or more members of a group provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

### **16. Ultimate parent company**

The Company's ultimate parent undertaking is Aviva plc, St Helens, 1 Undershaft, London, EC3P 3DQ. Copies of the Group Financial Statements of Aviva plc can be viewed via its website at [www.aviva.com](http://www.aviva.com).

### **17. Subsequent events**

The property lease for Pixham End, Dorking ended on 16 April 2021. On the same day a dilapidations settlement was made to the landlord of £777,000. The outstanding provision of £2.0m will be released and recharged to Aviva Life & Pensions UK Limited in line with current management services agreements.