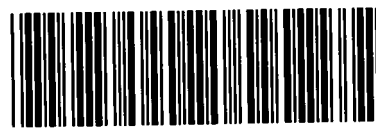


AVIVA INVESTORS UK FUND SERVICES LIMITED

Registered in England and Wales No. 1973412

Annual Report and Financial Statements 2022

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Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

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Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

Directors and Officers

Directors

J E Adamson

M J Bell

A J Coates (Independent Non-Executive Director)

M D T Craston (Non-Executive Director)

B A Fowler

K E McClellan

M B E White (Independent Non-Executive Director)

S Winstanley

Officer - Company secretary

Aviva Company Secretarial Services Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

7 More London Riverside

London

SE1 2RT

Registered office

St Helen's

1 Undershaft

London

EC3P 3DQ

Company number

Registered in England and Wales: No. 1973412

Other Information

Aviva Investors UK Fund Services Limited ('the Company') is authorised and regulated by the Financial Conduct Authority ('FCA') in the UK.

The Company is a wholly owned subsidiary of Aviva Investors Holdings Limited ('the Group' or 'Aviva Investors') and is a member of the Aviva plc group of companies ('the Aviva Group').

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

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Strategic report

The directors present their Strategic report for the Company for the year ended 31 December 2022.

Review of the Company's business

Principal activities

The principal activities of Aviva Investors UK Fund Services Limited ('the Company') are the sale and management of open ended investment company ('OEIC') funds, authorised unit trust funds, a range of Authorised Contractual Schemes ('ACS'), and the management of Individual Savings Accounts. In addition, the Company acts as the Alternative Investment Fund Manager ('AIFM') for a range of real estate funds, structured as English Limited Partnerships ('ELP').

Financial position and performance

The financial position of the Company at 31 December 2022 is shown in the Statement of financial position on page 17, with trading results shown in the Statement of comprehensive income on page 15 and the Statement of cash flows on page 18.

The company made a profit after tax of £7,970,000 (2021: £6,363,000).

Revenue net of fee expenses was £27,788,000 compared to £29,371,000 in 2021, and is lower due to reduced funds under management compared to the prior year. A change in the internal fee arrangements between parties within the Aviva Group resulted in a reduction in gross revenue earned by the Company of approximately £28,500,000 and by a similar reduction in the fee expense.

Administrative expenses decreased by 35% to £7,072,000 (2021: £10,886,000). This was due to lower staff costs driven by the transfer of marketing staff within the Aviva Group, lower outsourced fees, and higher VAT recoveries.

Consequently, the company made a profit before tax of £9,855,000 (2021: £7,817,000).

The Company's cash and cash equivalents balance increased by £23,938,000 compared to the prior year, driven by a collection of amounts due from fellow Aviva Group companies, offset by the payment of a dividend of £6,363,000.

Total equity increased by £1,607,000 to £41,147,000, reflecting profit after tax of £7,970,000 (2021: £6,363,000) offset by the payment of the dividend of £6,363,000 (2021: £6,379,000).

Section 172 Statement

We report here on how the Directors have discharged their duties under Section 172 of the Companies Act 2006.

S.172 sets out a series of 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 our obligations to our shareholder, customers and other stakeholders are met and Management drives the embedding of the desired culture throughout the organisation. The Board monitors adherence to our policies and compliance with local corporate governance requirements and is committed to acting where our businesses fall short of the standards we expect.

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

Our culture

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

Key strategic decisions in 2022

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.

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

Strategic report (continued)

Key strategic decisions in 2022 (continued)

During 2022, Aviva Investors focussed on achieving improved efficiency through delivery of a new comprehensive back and middle office outsourcing arrangement. There remains a continued focus on delivering for the investment needs of our customers, with our focus on sustainable investing providing further opportunities for growth and supporting our commitment to build resilience against the global impact of climate change.

Aviva Investors are a global asset manager that combines our insurance heritage, investment capabilities and sustainability expertise to deliver wealth and retirement outcomes that matter most to investors. Aviva Investors manages £223 billion of assets across a number of international markets, with £185 billion managed on behalf of Aviva Group.

By combining our insurance heritage with our skills and experience in asset allocation, portfolio construction and risk management, we provide a range of asset management solutions to our institutional, wholesale and retail clients. We have a highly diversified range of capabilities, with expertise in real assets, solutions, multi-assets, equities and credit.

Our goal is to support Aviva becoming the UK's leading insurer and the go-to customer brand while also leveraging our expertise for the benefit of external clients. The key drivers of our strategy are:

- Customer: deliver investment needs through strong investment performance, sustainability impact and maintaining a rigorous risk and control culture.
- Simplification: use data and automation to streamline processes and simplify our businesses to become more efficient and deliver better customer outcomes.
- Growth: continue to grow in both our Aviva client business, supporting its growth in BPAs, pensions and Wealth, and our external business, by being recognised for our expertise and strength in ESG.
- People: develop a high-performance culture by embedding our diversity, equity and inclusion strategy, and promoting focused learning and upskilling, talent management and career development.

Stakeholder Engagement

Stakeholders	Why are they important to Aviva?	What is our approach to engaging with them and how does this support the decision-making process
Customers	Our people's well-being and commitment to serving our customers is essential for our long-term success.	<ul style="list-style-type: none"> • The Board receives regular reporting on customer outcomes. The Board closely monitors customer metrics and engages with the leadership team to understand the issues if performance does not meet customers' expectations. • Value Assessments (VA) are conducted for each of the funds managed by the Company annually to determine if funds offer value to investors, and that their costs and charges are justified in this context. The VA reports are approved by the Board. • The Board also reviewed and approved new fund launches as part of its ongoing commitment to sustainable investment.
Our People	Our people's well-being and commitment to serving our customers is essential for our long-term success.	<ul style="list-style-type: none"> • The Company has no direct employees. The majority of staff engaged in the activities of the Company are employed by fellow subsidiary undertakings of Aviva plc. As part of the Aviva Group, these staff enjoy the benefit of the Aviva Group policies and benefits made available to them. • Aviva Investors engagement mechanisms align with those of the Aviva Group, such as employee forums, global internal communications and informal meetings. • Aviva Investors recognises the benefits of a diverse workforce and an inclusive culture and as a result there has been significant activity and investment on Diversity, Equity and Inclusion, with a priority focus on gender, ethnicity, and social mobility.

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

Strategic report (continued)

Suppliers	<p>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.</p>	<ul style="list-style-type: none"> • The Company, through the Aviva Investors Holdings Limited ('AIHL') Risk Committee, maintains oversight of the management of its most important suppliers and reviews reports on their performance. • Aviva Investors has been working on the simplification of its supplier model, with major new agreements signed with HSBC, Mount Street and BNY Mellon. • All supplier-related activity is managed in line with the Group Procurement and Outsourcing business standard. This ensures that supply risk is managed appropriately in relation to customer outcomes, data security, corporate responsibility, and financial, operational, and contractual issues. • In the UK, Aviva is a signatory of the Prompt Payment Code which sets high standards for payment practices. We are a Living Wage employer in the UK, and our supplier contracts include a commitment to paying eligible employees not less than the Living Wage in respect of work provided to Aviva in the UK.
Communities	<p>We recognise the importance of contributing to our communities. As a global asset management business Aviva Investors are fully engaged in building resilience against the global impact of climate change.</p>	<ul style="list-style-type: none"> • The Board supports the Community activities of the Aviva Group. • The Aviva Foundation will continue to invest in organisations delivering public benefit aligned to Aviva's purpose and expertise with a focus on financial capability. • The Board supports the Group's sustainability agenda and AI's ambition to become a Net Zero Asset Manager by 2040. • Aviva Investors is committed to systematically embedding Environmental, Social and Governance considerations across the Aviva Investors business. This includes the development of asset class specific ESG policies; the build out of enhanced ESG research capabilities, including new proprietary ESG data tools; and extensive ESG training for global investment desks. We identify our clients' ESG preferences and seek to provide them with suitable investment solutions to meet their ethical and sustainability needs.
Regulators	<p>As an global asset management business, we are subject to Financial services regulations and approvals in all the markets we operate in.</p>	<ul style="list-style-type: none"> • We maintain a constructive and open relationship with the Financial Conduct Authority (FCA) and have a programme of regular meetings between the directors (including Non Executive Directors), AI's Senior Management and its Compliance function, and the FCA. • The Financial Conduct Authority attended a Board meeting during the year.
Shareholders	<p>Our retail and institutional shareholders are the ultimate owners of the Company.</p>	<ul style="list-style-type: none"> • The Company's ultimate shareholder is Aviva plc and there is ongoing communication and engagement with the Aviva plc Board. Any Board matters requiring escalation are managed through the Chair to its parent, Aviva Investors Holdings Limited, and where required, to the Aviva plc board.

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

Strategic report (continued)

Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva plc and these are shown in the Group 2022 Annual Report and Accounts. The Company will work with the Group to support the implementation of these strategies.

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

The Company is well positioned to compete in its key markets by leveraging the power of Aviva's breadth of offering within the UK to deliver compelling propositions to meet our customer needs, alongside driving digitisation through customer services, propositions and ensuring we are easy for customers to do business with, however they choose.

Key business strategic priorities for 2023

- Continued improvement in investment performance to deliver enhanced investment returns for our clients.
- Capitalising on growth opportunities within Aviva Group and externally through our strengths in Environmental, Social and Governance ('ESG'), real assets, multi-assets, sustainable equities and credit.
- Ongoing focus on simplifying our business to deliver efficiency benefits and improvements in the cost income ratio.

The directors continue to monitor the Ukraine conflict situation including further stress and scenario testing and taking actions to mitigate the impact on the Company and Group where appropriate.

Principal risks and uncertainties

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

The Company is directly exposed to the risks associated with operating an asset management business. The underlying risk profile of our asset management risk is derived from investment performance, retention of specialist investment professionals, leadership, product development capabilities, fund liquidity, margin, client retention, regulatory developments, operational resilience and fiduciary and contractual responsibilities. Funds invested in illiquid assets such as commercial property are particularly exposed to liquidity risk. The risk profile is regularly monitored.

Risk factors beyond the Company's control that could cause actual results to differ materially from those estimated include, but are not limited to:

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

A client relationship team is in place to manage client retention risk, while all new asset management products undergo a review and approval process at each stage of the product development process, including approvals from legal, compliance and risk functions. Investment performance against client objectives relative to agreed benchmarks is monitored as part of our investment performance and risk management process, and subject to further independent oversight and challenge by a specialist risk team, reporting directly to the Aviva Investors' Chief Risk Officer.

Credit, market, and liquidity risks may be impacted by uncertainty over prospects for future macroeconomic growth (including the impact of the conflict between Russia and Ukraine), inflation, credit and interest rates, and the response of Central Banks, which could adversely impact the valuation of investments or credit default experience in the assets being managed, and the level of future investment returns. We regularly monitor exposures and employ both formal and ad-hoc processes to evaluate changing market conditions.

Market and credit risks may also be impacted by climate change, potentially resulting in reputational impact from not being seen as a responsible steward/investor, as well as adversely impacting economic growth and investment markets. This also includes transition risks for investments relating to the impact of the transition to a low carbon economy. The Aviva Group Chief Risk Officer was responsible for overseeing the embedding of a framework for ensuring climate-related risks and opportunities are identified, measured, monitored, managed and reported through our risk management framework and in line with our risk appetite.

Aviva Investors UK Fund Services Limited**Report and Financial Statements for the year ended 31 December 2022****Registered in England and Wales: No.1973412****Strategic report (continued)**

The Board provides leadership for Aviva Investors UK management company responsibilities within a framework of prudent and effective controls which enables risks (including climate-related risks and opportunities) to be assessed and managed. During the year, the Aviva Investors UK Fund Services Limited Board approved a new Equity Core Fund range, which aimed to deliver a higher ESG score and lower carbon intensity than the benchmark. The Board also adopted an enhanced ESG Baseline Exclusion Policy, applied to all in-scope funds.

Key performance indicators

The Company's financial key performance indicators ('KPIs') are those that are used by the directors to measure the Company's success in achieving targets and include the following:

Measure	2022	2021	Change
Profit before tax (£'m)	9.9	7.8	2.1
Average OEIC and authorised unit trust funds under management (£'m)	16,539	19,056	(2,517)
Average ACS funds under management (£'m)	66,637	72,255	(5,618)
Average ELP funds under management (£'m)	6,744	6,488	256

The increase in profit before tax is explained in the Financial Position and Performance section above.

The decrease in average funds under management is a result of declining market values and net redemptions from the funds managed by the Company.

On behalf of the Board

DocuSigned by:

Jane Adamson

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J E Adamson

Director

25 April 2023

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

Directors' report

The directors present their annual report and financial statements of the Company for the year ended 31 December 2022.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were;

I K Buckle	(resigned 13 May 2022)
J E Adamson	(appointed 9 May 2022)
M J Bell	(appointed 10 May 2022)
A J Coates	
M D T Craston	
B A Fowler	
D S Macmillan	(resigned 31 March 2022)
K E McClellan	
M B E White	
S Winstanley	

Company Secretary

Aviva Company Secretarial Services Limited is appointed as the Company Secretary.

Future outlook

Likely future developments in the business of the Company are discussed in the Strategic report on page 8.

Dividend

An interim dividend of £6,363,000 on the Company's ordinary shares was declared and settled during 2022 (2021: £6,378,780). The directors do not recommend the payment of a final dividend for the financial year ended 31 December 2022 (2021: £nil)

Going concern

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

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

Notwithstanding the potential material and sustained impact that the Ukraine conflict might have on financial markets, and wider global macroeconomic conditions, the Company and Group is expected to continue to generate positive cash flows on its own account for the foreseeable future. As a consequence, the directors believe that the Company remains well placed to manage its business risks successfully.

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.

Events after the reporting period

There have been no events after the reporting period.

Overseas branches

The Company has no branch offices outside the UK.

Accounting records

The measures taken by the directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at the Company's registered office.

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

Directors' report (continued)

Employees

The Company has no employees (2021: None).

Political donations

The Company did not make any political donations during the year (2021: £nil).

Disclosure of information to the auditors

In accordance with section 418 of the Companies Act 2006, the directors in office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's External Auditors, PricewaterhouseCoopers LLP, is unaware and each director has taken all steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that PricewaterhouseCoopers LLP is aware of that information.

Supplier payment policy

The directors are responsible for ensuring that the Company is compliant with the Prompt Payment of Accounts Act 1997, as amended by the European Communities (Late Payment in Commercial Transactions) Regulations 2002. It is the policy of the Company to pay for goods and services on presentation of an invoice by the supplier. Statements from suppliers showing amounts outstanding in excess of 30 days are immediately investigated and resolved as soon as possible.

Independent auditors

Under the Competition and Markets Authority Regulations, the Company's ultimate parent Company, Aviva plc is required to tender for the provision of the external audit every 10 years. PricewaterhouseCoopers LLP 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 ended 31 December 2022. Following a full and rigorous competitive tender process, which was overseen by the Aviva Group's Audit Committee, the selection of Ernst & Young LLP was approved by the Aviva plc Board. PricewaterhouseCoopers LLP will continue in its role and will undertake the audit for the financial year ending 31 December 2023.

Qualifying indemnity provisions

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

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

Stakeholder engagement

Our statements summarising our employee engagement, and our engagement with suppliers, customers and our other stakeholders are included in our Strategic report on page 4. The Board considers stakeholder engagement to be a matter of strategic importance.

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

Directors' report (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make reasonable and prudent judgements and accounting estimates;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

DocuSigned by:

Jane Adamson

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J E Adamson

Director

25 April 2023

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

Independent auditors' report to the members of Aviva Investors UK Fund Services Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 (the 'Annual Report'), which comprise: the Statement of financial position as at 31 December 2022; the Statement of comprehensive income, Statement of cash flows, and the 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.

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.

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

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Independent auditors' report to the members of Aviva Investors UK Fund Services 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 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation and breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase the revenue of the company. Audit procedures performed by the engagement team included:

- Discussions with the Board of Directors, internal audit, and senior management involved in Risk, Compliance and Legal functions, including consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Reading key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Audit Committee, and Board of Directors;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by unexpected users; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing over areas such as cash reconciliations done prior to year end.

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

**Independent auditors' report to the members of Aviva Investors UK Fund Services Limited
(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.



Sally Cosgrove (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 April 2023

Aviva Investors UK Fund Services Limited**Report and Financial Statements for the year ended 31 December 2022****Registered in England and Wales: No.1973412****Statement of comprehensive income****For the year ended 31 December 2022**

	Note	2022	2021
		£'000	£'000
Revenue		109,534	138,075
Cost of sales		(11,171)	(10,768)
Fee expense		(81,746)	(108,704)
Administrative expenses		(7,072)	(10,886)
Operating profit		9,545	7,717
Realised (losses)/gains from investments held at fair value through profit or loss		(107)	45
Finance income		417	55
Profit before tax		9,855	7,817
Tax charge	4	(1,885)	(1,454)
Profit and total comprehensive income for the year		7,970	6,363

All amounts reported in the Statement of comprehensive income relate to continuing operations.

The accounting policies on pages 19 to 23 and notes on pages 23 to 36 are an integral part of these financial statements.

Aviva Investors UK Fund Services Limited**Report and Financial Statements for the year ended 31 December 2022****Registered in England and Wales: No.1973412****Statement of changes in equity****For the year ended 31 December 2022**

	Ordinary Share capital	Retained earnings	Total Equity
	£'000	£'000	£'000
Balance at 1 January 2021	21,500	18,056	39,556
Profit and total comprehensive income for the year	-	6,363	6,363
Interim dividend of £0.30 per share	-	(6,379)	(6,379)
Balance at 31 December 2021	21,500	18,040	39,540
Profit and total comprehensive income for the year	-	7,970	7,970
Interim dividend of £0.29 per share	-	(6,363)	(6,363)
Balance at 31 December 2022	21,500	19,647	41,147

The accounting policies on pages 19 to 23 and notes on pages 23 to 36 are an integral part of these financial statements.

Aviva Investors UK Fund Services Limited**Report and Financial Statements for the year ended 31 December 2022****Registered in England and Wales: No.1973412****Statement of financial position****As at 31 December 2022**

	Note	2022	2021
		£'000	£'000
ASSETS			
Non-current assets			
Deferred tax assets*	9(b)	127	142
Total non-current assets		127	142
Current assets			
Investments designated at fair value through profit or loss	5	1,974	2,281
Trade and other receivables**	7	76,973	95,760
Cash and cash equivalents	11(b)	70,254	46,316
Total current assets		149,201	144,357
Total assets		149,328	144,499
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	10	21,500	21,500
Retained earnings		19,647	18,040
Total equity		41,147	39,540
Non-current liabilities			
Tax liabilities	9(a)	1,877	1,487
Total non-current liabilities		1,877	1,487
Current liabilities			
Trade and other payables	8	106,304	103,472
Total current liabilities		106,304	103,472
Total liabilities		108,181	104,959
Total equity and liabilities		149,328	144,499

* The classification of the prior year deferred tax asset has been restated from a current to a non-current asset.

** The classification of accrued income is consolidated within trade and other receivables. In the prior year this was presented separately under current assets.

The financial statements on pages 15 to 36 were approved by the Company Board of Directors on 20 April 2023 and were signed on its behalf by

DocuSigned by:

Jane Adamson

CCEE1A7C0AAB425...

J E Adamson

Director

25 April 2023

Aviva Investors UK Fund Services Limited**Report and Financial Statements for the year ended 31 December 2022****Registered in England and Wales: No.1973412****Statement of cash flows****For the year ended 31 December 2022**

	Note	2022	2021
		£'000	£'000
Cash flows generated from operating activities			
Cash generated from operations	11(a)	33,075	7,122
Group relief paid		(3,191)	-
<i>Net cash generated from operating activities</i>		29,884	7,122
Cashflows generated from investing activities			
Finance income		417	-
<i>Net cash generated from investing activities</i>		417	-
Cash flows used in financing activities			
Finance income		-	55
Dividends paid		(6,363)	(6,379)
<i>Net cash used in financing activities</i>		(6,363)	(6,324)
Net increase in cash and cash equivalents		23,938	798
Cash and cash equivalents at 1 January		46,316	45,518
Cash and cash equivalents at 31 December	11(b)	70,254	46,316

The accounting policies on pages 19 to 23 and notes on pages 23 to 36 are an integral part of these financial statements.

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

Notes to the Financial Statements

1. Accounting policies

The Company is a limited liability company incorporated and domiciled in the United Kingdom.

The principal accounting policies adopted in the preparation of the Company's financial statements are set out below and have been applied consistently throughout the financial statements.

(A) Basis of presentation

On 31 December 2020, IFRS as adopted by the EU at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted international accounting standards on 1 January 2021.

The financial statements are prepared under the historical cost convention, except for those financial assets and financial liabilities that have been measured at fair value. Items included in the financial statements are measured in the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's presentational currency is pounds sterling. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£'000).

Statement of compliance

The Company's financial statements 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 Company's financial statements have been prepared on a going concern basis.

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

The Company has adopted the following amendments to standards which became effective for annual reporting periods beginning on 1 January 2022. The amendments have been issued and endorsed by the UK and do not have a significant impact on the Company's financial statements.

- (i) *Annual Improvements to IFRS 2018-2020 Cycle: Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (published by the IASB in May 2020)***
- (ii) *Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (published by the IASB in May 2020)***
- (iii) *Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (published by the IASB in May 2020)***
- (iv) *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract (published by the IASB in May 2020)***

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

Notes to the Financial Statements

1. Accounting policies (continued)

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: Disclosure of Accounting Policies.

Published by the IASB in January 2020. The amendments are effective for annual reporting beginning on or after 1 January 2023 and have yet to be endorsed by the UK.

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

Published by the IASB in February 2021. The amendments are effective for annual reporting beginning on or after 1 January 2023 and have yet to be endorsed by the UK.

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

Published by the IASB in May 2021. The amendments are effective for annual reporting beginning on or after 1 January 2023 and have yet to be endorsed by the UK.

(iv) Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Noncurrent.

Published by the IASB in February 2021. The amendments are effective for annual reporting beginning on or after 1 January 2024 and have yet to be endorsed by the UK.

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

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

(vi) 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 beginning on or after 1 January 2024 and have yet to be endorsed by the UK.

(B) Critical accounting policies and use of estimates

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

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The directors do not consider there to be any critical accounting policies, or items considered particularly susceptible to changes in judgements, estimates and assumptions.

(C) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of comprehensive income.

Assets and liabilities held in foreign currencies at the year end have been translated at the prevailing rate at 31 December 2022.

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

Notes to the Financial Statements

1. Accounting policies (continued)

(D) Revenue recognition

Fund management fees ('FMs') derived from OEICs and authorised unit trust funds, annual management charges ('AMCs') derived from ACSs, and investment management fees derived from the English Limited Partnerships in the Company's capacity as Alternative Investment Manager, are recognised as revenue over time, as performance obligations are satisfied. In most cases revenue is recognised in the same period in which the fees are charged.

The Company holds shares in OEICs and units in authorised unit trusts (see note 5) to facilitate the efficient management of the demand for shares and units by the customers (Managers box). Managers box profits or losses are calculated as:

- The difference between the cost of purchasing redeemed units at cancellation prices and reselling them at creation prices for those funds which are dual priced; and
- Any increase in the value of shares or units held in the Managers box, as a result of price fluctuations over a valuation point.

Box profits or losses are recognised when the related transaction occurs. Box profits or losses are recognised as realised gains or losses from investments designated as trading on the Statement of comprehensive income.

Fees that are related to services to be provided in future periods are deferred and recognised when the performance obligation is fulfilled. Variable consideration, such as performance fees subject to clawback, is not recognised as revenue until it is reasonably certain that no significant reversal of amounts recognised would occur.

All revenue is net of any value added tax, rebates and distribution allowances. All revenue is attributable to continuing activities and arises in the UK.

(E) Cost of sales

Cost of sales comprises the directly attributable costs of the ACS funds which are fully recharged and included in revenue, and various fees in respect of OEICs and authorised unit trusts.

(F) Fee expense

Fees are payable for investment management services provided by other Aviva Investors companies and other external fund managers under sub delegation and sub-advisory agreements, and is recognised on an accruals basis as it is earned and is recognised net of VAT or any rebates.

(G) Investments held at fair value

Investments comprise shares and units which are held by the Company to facilitate the efficient management of the demand for shares and units by the customers. Shares and units are recorded at fair value with changes in fair value being taken to the Statement of comprehensive income. In general, the fair value category is used as, in most cases, the Company's investment or risk management strategy is to manage its financial investments on a fair value basis.

Purchases and sales of instruments are recognised on the trade date, which is the date that the Company commits to purchase or sell the assets, at their fair value less transaction costs. Instruments carried at fair value are measured using a fair value hierarchy, described in note 12, with value based on quoted bid prices.

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

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

Notes to the Financial Statements

1. Accounting policies (continued)

(H) Receivables and payables

Receivables and payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(I) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand 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 90 days maturity from the date of acquisition, or which are redeemable on demand with only an insignificant change in their fair values.

(J) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, where it is more probable that not 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. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

Contingent assets are disclosed if there is a possible future benefit as a result of a past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. In the case of a reimbursement where the recognition criteria is virtually certain a contingent asset is disclosed when the future benefit is probable.

(K) Income tax

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.

Aviva Investors UK Fund Services Limited**Report and Financial Statements for the year ended 31 December 2022****Registered in England and Wales: No.1973412****Notes to the Financial Statements****1. Accounting policies (continued)****(K) Income tax (continued)**

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

(L) 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. Therefore, the Company's share capital is considered to be an equity instrument.

(M) Dividends

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends on ordinary shares are recognised in equity in the year in which the Company's obligation to make the dividend payment arises.

2. Directors' emoluments

Ms A J Coates, Mr M D T Craston and Mr M B E White were non-executive directors. The amount of time by Mr M D T Craston performing duties for the Company is incidental to his role across the Aviva Investors Group, and his fees were paid for and borne by a fellow subsidiary of the Company, Aviva Investors Global Services Limited. Ms A J Coates and Mr M B E White have fees directly attributable to the Company. The other directors are remunerated in respect of their services in connection with the management of the affairs of the Aviva Investors' business as a whole. There has been an allocation to the Company of fees in respect of the services of the other directors.

Emoluments of directors in office during 2022 and 2021 were:

	2022	2021
	£'000	£'000
Aggregate emoluments in respect of qualifying services	322	759
Company pension contributions to money purchase scheme	-	-
Emoluments of the highest paid director	2022	2021
	£'000	£'000
Aggregate emoluments in respect of qualifying services	85	286
Company pension contributions to money purchase scheme	-	-

During the year none of the directors exercised share options (2021: none) and three of the directors received shares under long term incentive schemes (2021: two). Emoluments of the highest paid director were not disclosed in 2021.

Aviva Investors UK Fund Services Limited**Report and Financial Statements for the year ended 31 December 2022****Registered in England and Wales: No.1973412****Notes to the Financial Statements****3. Auditors' remuneration**

Auditors' remuneration in relation to the Company for 2022 was £73,000 (2021: £73,000).

Fees paid to the auditors for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated financial statements of the Company's ultimate parent company, Aviva plc, are required to disclose other non-audit services on a consolidated basis.

4. Tax**(a) Tax charge to the Statement of comprehensive income****(i) The total tax charge comprises:**

	2022	2021
	£'000	£'000
Current tax		
Tax charge for the current year	1,877	1,487
Adjustments in respect of prior years	(7)	(27)
Total current tax charge	1,870	1,460
Deferred tax		
Origination and reversal of temporary differences	15	28
Changes in tax rates or tax laws	-	(34)
Total deferred tax	15	(6)
Total tax charge to the Statement of comprehensive income	1,885	1,454

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

	2022	2021
	£'000	£'000
Provisions and other temporary differences	14	(6)
Accelerated capital allowances	1	-
Total deferred tax charged/(credited) to Statement of comprehensive income	15	(6)

Aviva Investors UK Fund Services Limited**Report and Financial Statements for the year ended 31 December 2022****Registered in England and Wales: No.1973412****Notes to the Financial Statements****4. Tax (continued)****(b) Tax reconciliation**

The tax charged on the Company's profit before tax differs from the tax calculated at the standard UK corporation tax rate as follows:

	2022	2021
	£'000	£'000
Profit before tax	9,855	7,817
Tax calculated at standard UK corporation tax rate of 19.0% (2021: 19.0%)	1,873	1,485
Adjustments in respect of prior year	6	-
Impact of change in rate of tax	-	(34)
Disallowable expenses	6	3
Total tax charge to the Statement of comprehensive income (note 4(a))	1,885	1,454

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 2021 and 31 December 2022 and increased the Company's deferred tax assets by £34,000 in the year ended 31 December 2021.

5. Investments designated at fair value through profit or loss

	2022	2021
	£'000	£'000
Shares in OEICs and units in authorised unit trusts	1,974	2,281

Aviva Investors UK Fund Services Limited**Report and Financial Statements for the year ended 31 December 2022****Registered in England and Wales: No.1973412****Notes to the Financial Statements****6. Interests in structured entities**

A structured entity is defined as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

The Company acts as fund manager for certain investment funds and specialised investment vehicles and makes management decisions after extensive due diligence of the underlying investment vehicle including consideration of its strategy (to provide investors with a variety of investment opportunities through managed investments strategies). The Company is compensated by the respective investment vehicles for their services. Such compensation generally consists of a Fund Management Fee that is taken from the funds to cover a range of expenses including the amount retained by the Company.

(a) Interests in consolidated structured entities

The Company does not have control over any investment vehicles. It does not provide financial support in the form of a loan, guarantee or non-contractual letter of support to any structured entity.

(b) Interests in unconsolidated structured entities

The Company has an interest in unconsolidated structured entities as it holds shares in OEIC's and units in authorised unit trusts (see note 5) to facilitate the efficient management of the demand for shares and units by the customers.

(c) Other interests in unconsolidated structured entities

Fees received for investments that the Company manages but does not have a holding in represent an 'other interest' in unconsolidated structured entities. The investment risk is borne by the underlying investors and therefore the Company's maximum exposure to loss relates to future fee income. Disclosures in relation to risk management are given in note 12.

The table below shows the total funds under management ('FUM') within investment vehicles that the Company manages but does not have a holding in and the fees earned from the management of those vehicles.

	2022		2021	
	FUM	Revenue	FUM	Revenue
	£'m	£'000	£'m	£'000
Investment funds:				
<i>Analysed as:</i>				
Open ended investment vehicles and authorised unit trusts	15,422	45,932	19,665	70,669
English Limited Partnerships	5,520	28,467	6,780	25,861
Authorised Contractual Schemes	64,098	35,135	74,457	41,545
Total	85,040	109,534	100,902	138,075

Aviva Investors UK Fund Services Limited**Report and Financial Statements for the year ended 31 December 2022****Registered in England and Wales: No.1973412****Notes to the Financial Statements****7. Trade and other receivables**

	2022	2021
	£'000	£'000
Trade receivables	17,931	18,192
Amounts due from fellow subsidiaries	8,739	48,553
Other receivables	20,965	16,707
Accrued income*	28,895	12,038
Prepayments	443	270
	<u>76,973</u>	<u>95,760</u>

*In the prior year accrued income was presented separately in note 8 of the financial statements.

None of the above total (2021: £nil) is expected to be recovered more than one year after the Statement of financial position date.

There is no difference in the value at contractual maturity and the value in the financial statements.

Other receivables predominantly represent unsettled client investments and liquidations which are offset by corresponding fund creations and repurchase deals disclosed within Note 8 as Other financial liabilities.

Financial assets, are categorised as amortised cost under IFRS 9 *Financial Instruments*. The directors consider that the carrying value of all trade and other receivables equates to fair value. There are no material expected credit losses over the lifetime of the financial assets.

Accrued income includes income earned but not yet billed at the year-end.

8. Trade and other payables

	2022	2021
	£'000	£'000
Amounts due to fellow subsidiaries	28,608	1,689
Trade creditors	17,883	13,334
Tax liabilities	1,480	3,191
Other financial liabilities	22,290	23,585
Accruals	36,043	61,673
	<u>106,304</u>	<u>103,472</u>

None of the above total (2021: £nil) is expected to be paid more than one year after the Statement of financial position date. The majority of other financial liabilities represent unsettled fund creations and repurchase deals which are offset by the corresponding client investments and liquidations disclosed within Note 7 as Other receivables.

Aviva Investors UK Fund Services Limited**Report and Financial Statements for the year ended 31 December 2022****Registered in England and Wales: No.1973412****Notes to the Financial Statements****9. Tax assets and liabilities****(a) General**

Tax liabilities expected to be settled in more than one year amount to £1,877,000 (2021: £1,487,000).

Liabilities for prior year's tax to be settled by way of group relief of £1,480,000 (2021: £3,191,000) are included within Trade and other payables (note 8) and are payable in less than one year.

(b) Deferred taxes

	2022	2021
	£'000	£'000
Provisions and other temporary differences	121	135
Accelerated capital allowances	6	7
Net deferred tax asset	127	142

The movement in the deferred tax asset was as follows:

	2022	2021
	£'000	£'000
Net deferred tax asset at 1 January	142	136
Amounts (charged)/credited to the statement of comprehensive income	(15)	6
Net deferred tax asset at 31 December	127	142

10. Ordinary share capital

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

	2022	2021
	£'000	£'000
The allotted, called up and fully paid share capital of the Company at 31 December 2022 was: 21,500,000 (2021: 21,500,000) ordinary shares of £1 each	21,500	21,500

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

Aviva Investors UK Fund Services Limited**Report and Financial Statements for the year ended 31 December 2022****Registered in England and Wales: No.1973412****Notes to the Financial Statements****11. Additional cash flow information****(a) The reconciliation of profit before tax to the net cash generated from/(used in) operating activities is:**

	2022	2021
	£'000	£'000
Profit before tax	9,855	7,817
Adjustments for:		
Finance income	(417)	(55)
Changes in working capital:		
Decrease in financial instruments at fair value	307	2,468
Decrease in receivables and prepayments	18,787	18,995
Increase/(decrease) in payables and other financial liabilities	4,543	(22,103)
Cash generated from operations	33,075	7,122

(b) The cash and cash equivalents consist of:

	2022	2021
	£'000	£'000
Cash at bank and in hand	70,254	46,316
	70,254	46,316

Aviva Investors UK Fund Services Limited

Report and Financial Statements for the year ended 31 December 2022

Registered in England and Wales: No.1973412

Notes to the Financial Statements

12. Risk and capital management policies

(a) Overview

The Company seeks to optimise its business' performance subject to remaining within risk appetite and meeting stakeholders' expectations. This is achieved by embedding rigorous and consistent risk management. The Company's Risk Management Framework ('RMF') includes the strategies, policies, culture, processes, governance arrangements, tools, and reporting procedures necessary to support this. The RMF incorporates the Aviva plc Group's Enterprise Risk Management Framework which has been adapted to the needs and requirements of the Company.

Aviva remains committed to supporting a low carbon economy that will improve the resilience of our economy, society and the financial system in line with the 2015 Paris Agreement target on climate change. In March 2021, Aviva set an ambition to become a Net Zero carbon company by 2040 and we are acting now to mitigate and manage the impact of climate change on our business. The Aviva Investors climate-related risk appetite statements are aligned to the Aviva Group statements and ensure that climate change is embedded within Aviva Investors' governance, strategy, and risk management processes. Aviva Investors continues to embed climate-related risks and opportunities, including through the ESG Investment Leadership Team. This includes steering a course to Net Zero across the company, the application of a coordinated exclusions approach and the Climate Engagement Escalation Programme. Further information on Aviva Investors' climate-related financial risks and opportunities can be found in the Aviva climate-related financial disclosure report available at

<https://www.aviva.com/sustainability/reporting/climate-related-financial-disclosure/>.

The group continues to monitor emerging/dynamic risks which may impact Aviva Investors or the wider industry. The Russia/Ukraine conflict has created significant uncertainty in financial markets and has resulted in commodity price runs, increases in inflation, supply chain disruptions and concerns around energy security. Western countries continue to impose sanctions on Russia and any connected individuals/companies.

Persistent inflation is impacting all sectors and creating significant cost pressures for businesses and families. Inflation is driven by the Ukraine conflict, rising fuel and food prices, raw materials and taxes. Additionally, there are fears of a prolonged global recession which would depress demand and threaten the business models of UK asset managers who are already under pressure from increasing regulatory demands and depressed margins. Volatility in currency markets are experienced as a result of changes in interest rates globally.

Aviva Investors continue to undergo significant transformation projects in order to enhance the existing operating model. Project teams have been established to monitor ongoing project delivery.

The RMF is used to monitor and manage risks in this dynamic situation and as a result the Aviva Group's crisis management framework was invoked with the meeting of the Aviva plc Crisis Leadership Team in order to assess the Aviva Group's response, provide strategic direction and manage communications. Likewise, the Aviva Investors' Crisis Leadership Team meets regularly to assess tactical response options, agree response actions, and manage communications with the Aviva plc Crisis Leadership Team.

Further information on the types and management of specific risk types is given below:

(b) Operational risks

Operational risk is the current or prospective risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. This definition includes legal risk but excludes strategic and reputational risk.

The Company monitors the health of the business by considering the impact of data results (leading and lagging) – for example, risk events, indicators and review results – on the residual risk profile against tolerances (granular limits), appetites (aggregated limits) and strategic targets.

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12. Risk and capital management policies (continued)

(b) Operational risks (continued)

Exposures exceeding tolerances and appetites are prioritised for resolution using rigorous issue and remediation processes. Progress of remediation is monitored by the relevant risk owners to early identify risks not on track to return to tolerance or appetite. In such instances, risk owners are required to decide how best to manage the risk exposure (e.g., additional allocation of resources to increase speed of remediation, tactical or short-term solutions until resolution is completed, etc.).

The Russia-Ukraine conflict has heightened the risk of cyber security attacks on Aviva or its suppliers, in particular via denial of service attacks. The Company relies on the cyber security controls implemented within the Aviva Group. Although to date no serious cyber security incidents have been reported, the Aviva Group has strengthened its perimeter controls. The Aviva Group has engaged with its suppliers to ensure they have put in place all reasonable measures to ensure that services to Aviva remain unaffected.

The Aviva Group has in place systems and controls to ensure it does not provide financial services and/or funds to individuals or connected companies subject to sanctions arising from the Russia-Ukraine conflict, and that for any client relationships existing before the imposition of sanctions assets are frozen and policies cancelled.

(c) Regulatory compliance

The Company is authorised and regulated by the FCA. The FCA has broad powers including the authority to grant, vary the terms of, or cancel a regulated firm's authorisation; to investigate marketing and sales practices; and to require the maintenance of adequate financial resources. The Company has Compliance resources to respond to regulatory enquiries in a constructive way and take corrective action when warranted. However, all regulated financial services companies face the risk that their regulator could find that they have failed to comply with applicable regulations or have not undertaken corrective action as required.

The impact of any such finding or negative perception regarding the Company could have a negative impact on the Company's reported results or on its relations with current and potential clients. Regulatory action against the Company could result in adverse publicity for the Company or could have a material adverse effect on the business of the Company, its results of operations and/or financial condition and divert management's attention from the day-to-day management of the business.

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Market risk is the current or prospective risk of loss arising from movements in market prices, such as:

- Adverse changes in the financial situation (including the value of assets, liabilities and income) resulting, directly or indirectly, from fluctuations in foreign exchange balances; and
- Adverse changes in the value of units held by the Company as part of the OEIC managers box.

The Company uses a number of risk management tools to understand the volatility of earnings, the Company's capital requirements, and to manage the capital more efficiently.

Sensitivities to economic and operating experience are regularly produced on all of the key financial performance indicators as part of the Company's decision making and planning process, and to set the framework for identifying and quantifying the risks to which the Company is exposed.

Some results of sensitivity testing for the business are set out below:

Sensitivity Factor	Description of sensitivity factor applied
Property and equity market values	The impact of a change in equity market values by +/- 10%

The above sensitivity factors are applied on the managers box position, with the following pre-tax impacts on profit and shareholders' equity at 31 December:

i) Results of sensitivity analysis

The results of sensitivity testing for changes in property and equity prices are set out below. For each sensitivity test only the impact of the property and equity price change is shown, with other assumptions left unchanged.

	2022	
	Property/Equity +10%	Property/Equity -10%
	£'000	£'000
Impact on profit before tax	197	(197)
Impact before tax on shareholders' equity	197	(197)
	2021	
	Property/Equity +10%	Property/Equity -10%
	£'000	£'000
Impact on profit before tax	228	(228)
Impact before tax on shareholders' equity	228	(228)

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12. Risk and capital management policies (continued)

(d) Market risks (continued)

ii) *Limitations of sensitivity analysis*

The above table demonstrates the effect of a change in property and equity prices whilst other assumptions remain unaffected. In reality, such an occurrence is remote, due to correlations between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Company's assets and liabilities are actively managed and may be different at the time that any actual market movement occurs.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent our view of reasonably possible near-term changes that cannot be predicted with any certainty; and the assumption that interest rates move in an identical fashion.

(e) Credit risk

Credit / counterparty risk is the current or prospective risk of loss arising from adverse financial impacts due to fluctuations in credit quality of third parties including default.

Credit risk is managed conservatively in accordance with Aviva Investors Investment Policy Statement. This document establishes the governance, principals and parameters for the management of credit risk, including the minimum requirements that counterparties must adhere to in order for Aviva Investors to invest cash with that counterparty.

Aviva Investors manage and monitor exposures across all business units on a consolidated basis. The Aviva Investors Investment Policy Statement applies the principles laid out in the Aviva Group's Credit Risk Policy and Credit Collateral Management Business Standard. The latter policy establishes the governance, principals and parameters for the management of credit risk, including the minimum requirements that counterparties must adhere to.

Processes and control activities have been implemented to manage, mitigate and monitor credit risk. Credit exposures are identified, evaluated and managed in accordance with best practice and agreed risk appetite, so as to ensure that risks are managed within bounds acceptable to clients, the Aviva Investors UK Credit Officer and, where appropriate, the Aviva Group Credit Risk Director.

The Company's maximum exposure to credit risk is associated with its trade and other receivables including unsettled trades, cash and cash equivalents. A significant amount of business relates to the Aviva group of companies and exposure is managed through regular payments on account. Credit risk on cash and cash equivalents is considered low.

(f) Liquidity risk

Liquidity risk is the current or prospective risk of loss that liabilities cannot be met, in a timely and cost-effective manner, as they fall due.

The Company seeks to ensure that it maintains sufficient financial resources to meet its obligations as they fall due through the application of the Aviva Group Liquidity Risk Business Standard and Financial Risk Policy. A liquidity risk appetite requires that sufficient liquid resources be maintained to cover net outflows.

The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring actual and forecast cash flows, and by matching maturity profiles of financial assets and financial liabilities.

The Company's financial liabilities payable within 1 year are analysed in note 8. It is anticipated that the Company is able to settle any financial liabilities when required. Tax liabilities of £1,877,000 are the only financial liability to be settled in more than one year, as analysed within note 9.

All other trade payables are repayable on demand at a cash value that approximates to the current carrying value in the financial statements.

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12. Risk and capital management policies (continued)

(g) Capital management

Capital is managed within the regulatory framework in which the Company operates with the purpose of maintaining a strong capital base to uphold investor, creditor and market confidence and sustain the future development of the business.

The sufficiency of regulatory and internal risk based capital for the Group and for the Company is monitored against approved risk appetites at the Aviva Investors Finance Committee. Any capital in excess of the minimum requirements is freely transferable as dividends.

i) Regulatory capital

The disclosure requirements in the FCA's Prudential Sourcebook for Investment Businesses ('IPRU INV') apply to the Company on a solo-level basis.

The Company is a collective portfolio management firm (according to the FCA's definition and scope of permitted regulated activities) and its minimum Capital Resources Requirement ('CRR') is the higher of the fixed overheads requirement and the FUM requirement. For the Company, the higher of these is the FUM requirement.

In addition to regulatory capital, the Company holds capital resources to safeguard, with a 99.5% level of confidence, against the material risks faced. The required amount of capital is determined using internally approved methodology and is subject to approval by the Company's Board. Capital resources are to exceed the higher of regulatory or internal risk-based requirement.

(h) Fair Value Methodology

For investments carried at fair value, we have categorised the measurements basis into a 'fair value hierarchy' based on the degree of subjectivity associated with the data used to value each asset.

i) Quoted market prices in active markets - ('Level 1')

Assets classed as Level 1 in the hierarchy are valued based on unadjusted quoted prices in active markets. An active market is one in which transactions for the assets occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

At year end, the Company had assets of £1,974,000 (2021: £2,281,000), the value based on quoted market prices in active markets.

ii) Internal models with significant observable market parameters - ('Level 2')

Assets classed as Level 2 in the hierarchy are valued based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. If the asset has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset. Level 2 inputs include the following:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly;
- Inputs, other than quoted prices, that is observable for the asset for example, interest rates and yield curves observable at commonly quoted intervals; and
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

At year end, the Company held no Level 2 assets (2021: £nil).

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Assets classed as Level 3 in the hierarchy are based on inputs that are unobservable based on available published market data. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date (or market information for inputs to any valuation models). As such, unobservable inputs reflect the assumptions that the Company considers that market participants would use in pricing the asset.

At year end, the Company held no Level 3 assets (2021: £nil). There were no transfers into or out of Level 3 during the year.

13. Related party transactions**(a) Income receivable from related parties**

	2022 £'000	2021 £'000
Fellow subsidiaries	16,759	22,360

(b) Expenses payable to related parties

	2022 £'000	2021 £'000
Fellow subsidiaries	68,901	98,713

(c) Receivable at year end

	2022 £'000	2021 £'000
Fellow subsidiaries	8,739	48,553

(d) Payable at year end

	2022 £'000	2021 £'000
Fellow subsidiaries	28,608	1,689

The related parties' receivables are not secured and no guarantees were received in respect thereof. The receivables will be settled in accordance with normal credit terms.

The related parties' payables are not secured and no guarantees were issued in respect thereof.

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13. Related party transactions (continued)

(e) Key management compensation

The members of the Company Board of directors are listed on page 3. of these financial statements. There are no amounts receivable from or payments due to members of the Company Board of Directors. The directors are considered to be the Company's only key management personnel. Details of the remuneration arrangements of the directors of the Company are included in note 2.

(f) Ultimate controlling party

The immediate parent undertaking of the Company is Aviva Investors Holdings Limited.

The ultimate parent undertaking and controlling party of the Company is Aviva plc, a company incorporated in the United Kingdom.

Aviva plc is the parent undertaking of both the largest and the smallest group of undertakings to consolidate these financial statements at 31 December 2022. The consolidated financial statements of Aviva plc are available at www.aviva.com or on application to:

Group Company Secretary
Aviva plc
St Helen's
1 Undershaft, London
EC3P 3DQ

14. Events after the reporting period

There have been no events after the reporting period.