Aviva Health UK Limited

Registered in England and Wales: No. 2464270

Annual Report and Financial Statements 2022

Contents

Directors and officers

Directors

S Bridger
D Brown
M Kemp
R Morrison
G Potter
P Taylor

Officer – Company Secretary

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

Independent auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Registered office

8 Surrey Street
Norwich
NR1 3NG

Company number

Registered in England and Wales: No. 2464270

Other information

Aviva Health UK Limited (the Company) is covered by the Financial Ombudsman Service and is authorised and regulated by the Financial Conduct Authority.

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

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 activity of the Company continues to be the marketing and administration of healthcare insurance products. The Company is authorised to act as an intermediary for the sale and administration of private medical insurance (PMI) business and wellness products on behalf of the underwriting business, Aviva Insurance Limited (AIL). The Company also administers non insurance trust business.

As a result of the historical interaction with Aviva Life's insurance business, the Company also provides a small number of residual services to Aviva Life & Pensions UK Limited.

Significant events

During 2022 global financial markets experienced significant volatility and inflationary headwinds, but despite this, trading momentum has remained strong and the Company's service has remained market-leading, supported by its ongoing investment in digital journeys and an effective continued hybrid-working model.

Financial position and performance

The financial position of the Company as at 31 December 2022 is shown in the statement of financial position on page 18, with the trading results shown in the income statement on page 16.

Section 172(1) Statement

The directors report here on how they have discharged their duties under section 172 (S172) of the Companies Act 2006.

S172 sets out a series of matters to which the directors must have regard 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 consider it crucial that the Company maintains a reputation for high standards of business conduct. The Board is responsible for monitoring and upholding the culture, values, standards, ethics and reputation of the Company to ensure that the directors' obligations to its shareholder, customers and other stakeholders are met. The Board monitors adherence to the Aviva Group business standards and compliance with local corporate governance requirements, and is committed to acting if our businesses should fall short of the standards expected.

The Board will sometimes engage directly with certain stakeholders on specific issues, however due to the size and distribution of our stakeholders and of the Company, stakeholder engagement often takes place at an operational level. The Board considers and discusses information from the Company's management team to help it understand the stakeholder interests and to ensure they are carefully considered as part of the Board's decision-making process. Through review of reports relating to strategy, financial and operational performance, key risk and legal and regulatory compliance, the Board is able to maintain an overview of engagement with stakeholders and other relevant factors which enables the directors to comply with their legal duty under S172.

Our culture

The Company's culture is shaped, in conjunction with its immediate parent company, AIL, and its ultimate shareholder, Aviva plc, by a clearly defined purpose - with you today for a better tomorrow. As the provider of financial services to millions of customers, Aviva seeks to earn their trust by acting with integrity and a sense of responsibility at all times. The Company looks to build relationships with all its stakeholders based on openness and transparency, and by valuing diversity and inclusivity in the workplace 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.

Following analysis of the impact of COVID-19 on product value and the level of claims received against the expected levels, it was determined the COVID-19 pledge (the "Pledge"), as originally published in May 2020, was the most appropriate way to support UK private medical insurance customers. It was agreed that this would be funded by AIL as the underwriter and payment administered by the Company.

The Pledge detailed that for individual and SME UK PMI policyholders, should PMI claims costs to Aviva be lower than planned over the expected period stated, that the difference would be returned to those policyholders. For Large corporate PMI and Healthcare Trust clients, the Pledge expressed the intention to apply similar principles, but that due to the complex nature of the corporate health products the approach would vary on a case by case basis and differed across fully insured, corporate excess and trust schemes.

Due to the continued uncertainty around the ongoing impact of COVID-19 and the disruption to claims, in July 2021, it was agreed to extend the Pledge until the end of 2022. By extending the Pledge calculation period, the Company and AIL would be able to establish a fuller picture of the claims environment and ensure any payment made to customers is appropriate.

Strategic report (continued)

In June 2022 Aviva announced that it is delivering on the Pledge by paying £81m to eligible UK private health insurance customers. The figure represented the current estimate of the difference between expected claims costs and actual claims costs for the period of claims monitored, from 1 March 2020 to 31 December 2022. The Company and AIL continued to monitor 2022 claims experience, and in May 2023 announced that it would pay a final £47m to eligible UK private health insurance customers, taking the total amount to be returned to customers to £128m. The final payment will include a 20% uplift in recognition of the time elapsed since the original date of the Pledge. This figure represents the Company's final assessment of the difference between expected claims and actual claims for the period 1 March 2020 to 31 December 2022 and was independently reviewed by Grant Thornton UK LLP.

In December 2021, the Board approved a new ambitious five-year strategy for the company, aligned to the wider Aviva strategy. The strategy focuses on growing the business with an emphasis on product value, sustainable pricing and customer/patient outcomes; supporting customers' growing demand for quicker access to healthcare services. A key ambition is to drive up the quality of healthcare customers receive through value-based commissioning and simplifying the product set. Key to the delivery of the strategy is investing in IT, digital and automation.

The Board approved the payment of two dividends in 2022 of £7.5m and £1.5m respectively.

Stakeholder engagement

The table below sets out the Board's approach to stakeholder engagement during 2022:

Stakeholders	**Why are they important to Aviva?**	**What is our approach to engaging with them?**
Employees	Our people's well-being and commitment to serving our customers is essential for our long-term success.	- The Company has no employees. The majority of staff engaged in the activities of the Company are employed by fellow subsidiary undertakings of Aviva plc. As part of the Aviva Group, these staff enjoy the benefit of the Aviva Group policies and benefits made available to them. - The Company's engagement mechanisms align with those of the Aviva Group, such as employee forums, internal communication channels, and informal meetings with the Directors and employee engagement surveys. - The Group carries out a comprehensive global employee engagement survey each year, and the results are considered by the Board in the context of the Company's culture, values and behaviours. The actions to continually improve the results are discussed and agreed. - The Company's people share in the businesses' success as shareholders through membership of the Group's global share plans.
Customers	Understanding what's important to our customers is key to our long-term success.	- The Board receives regular reporting on customer outcomes and strategic initiatives throughout the year. - The Board closely monitors customer metrics and engages with the leadership team to understand the issues if performance does not meet customers' expectations. The Company's parent entity, AIL, is supported by a Conduct Committee to enable it to monitor customer metrics, and subsequently engage with the senior Management to address any issues that may arise from customer complaints, customer feedback and our approach to Treating Customers Fairly. The Company's Board can escalate any matters it feels necessary to the Conduct Committee for further scrutiny. - The Board received regular reporting on customer outcomes throughout the year and utilised feedback to develop actions to improve on products, customer user experience and retention as a result of the feedback. The Board also received robust risk and conduct reporting to ensure the products and services of the Company deliver customer fair value and operate in the customers best interests. - The Board also works closely with the Company's business partners to focus on new approaches to health provision and pricing in the health insurance industry. The Board monitors and reviews developments concerning changes to the Company's IT platforms, and any IT issues, to enable the Company to respond to customer service delivery issues. - The Company agreed a new five-year strategy in 2021 which will ensure key customer outcomes remain at the heart of delivering the

Strategic report (continued)

		strategy and would be continually monitored and considered in all decision making.
Suppliers	We operate in conjunction with a wide range of suppliers to deliver services to our customers. It is vital that we build strong working relationships with our intermediaries.	- The Company maintains oversight of the management of its most important suppliers and reviews reports on their performance. - All supplier related activity is managed in line with the Group's Procurement & Outsourcing Business Standard. This ensures that supply risk is managed appropriately including in relation to customer outcomes, data security, corporate responsibility, financial, operational, contractual, and brand damage caused by inadequate oversight or supplier failure. - An important part of our culture is the promotion of high legal, ethical, environmental and employee related standards within our business and also among our suppliers. Before working with any new suppliers we provide them with the Aviva Supplier Code of Behaviour, and our interaction with them is guided by Aviva's Business Code of Ethics. - The Board reviews the actions the Group has taken to prevent modern slavery and associated practices in any part of our supply chain and approves the Aviva Group Modern Slavery Act statement each year. - In the UK, the Company's ultimate parent, Aviva plc, is a signatory of the Prompt Payment Code which sets standards for high payment practices. - The Group is a Living Wage employer in the UK, and the Company's supplier contracts include a commitment to paying eligible employees not less than the Living Wage in respect of work provided at our premises in the UK. - The Company continued regular engagement with its suppliers and maintained the enhanced oversight to monitor and maximise continuation of services.
Communities	We recognise the importance of contributing to our communities through volunteering, community investment, and long-term partnerships. As a major insurance company we are fully engaged in building resilience against the global impact of climate change.	- 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. The Board continued to adopt the new climate risk preferences during the year, along with its 2023-2025 Plan which takes the new climate risk preferences into consideration. - The Company continued to support Wellbeing@Aviva, a health and wellbeing proposition for UK employees, providing products, improved policies and better support to enhance employees' mental, physical, community and financial wellbeing. With a focus on prevention and early intervention of illness, Wellbeing@Aviva utilises a dynamic network of Health Heroes across the UK offices to promote physical, mental and community wellbeing.
Shareholders	Our retail and institutional shareholders are the ultimate owners of the Company.	- The Company's immediate shareholder is Aviva Insurance Limited and ultimate shareholder is Aviva plc. Throughout the year there was ongoing communication and engagement with both Boards and relevant committees. Any matters requiring escalation are escalated by the Board through the Chair to its parent.
Regulators	As an insurance company, we are subject to financial services regulations and approvals in all the markets we operate in.	- As a subsidiary of Aviva Insurance Limited, the Company's senior management and its compliance function engage in meetings with the FCA. - As a solo regulated entity under the Senior Manager's Certification Regime, the Company produces a Management Responsibilities Map which is shared with the Regulator on a quarterly basis. - Throughout 2022 the Board maintained oversight of the Company's compliance with the incoming FCA Pricing Practices regulation. Compliance with the regulation was achieved on time.

Strategic report (continued)

Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva plc and these are shown in the Aviva plc 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 chose.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Company and the Company's risk management policies are set out in note 13 to the financial statements.

Key performance indicators

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

	2022	2021
	£000	£000
Change in revenue	**2%**	(8%)
Profit for the year before tax	**2,811**	7,039
(Decrease)/Increase in shareholders' equity	**(6,189)**	7,016

Revenue primarily represents fees charged by the Company for the provision of operational assets and services to Group companies during the year. Profit is lower than the prior year due to a one off £5,281 thousand benefit in 2021 from the sale of the Company's 25.1% holding in the ordinary and preference shares of Ballard Investment Company Limited. Allowing for the impact of the divestment, underlying profit is ahead of 2021. Shareholder equity has reduced by £6,189 thousand in 2022 due to the payment of dividends of £9,000 thousand partially offset by the profit earned in the year.

By order of the Board on 27 September 2023

For and on behalf of Aviva Company Secretarial Services Limited
Company Secretary
27 September 2023

Directors' report

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

Directors

The names of the present directors of the Company appear on page 3. Details of Board appointments and resignations during the year and since the year end are shown below:

O C Morris resigned as a director of the Company on 7 February 2022.

A P D Larkin resigned as a director of the Company on 28 February 2022, was reappointed as a director of the Company on 2 August 2022 and resigned as a director of the Company on 25 July 2023.

P M Taylor was appointed as a director of the Company on 1 March 2022.

R Barker resigned as a director of the Company on 1 August 2022.

R Morrison was appointed as a director of the Company on 17 July 2023.

M Kemp was appointed as a director of the Company on 21 July 2023.

Company Secretary

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

Dividends

Interim ordinary dividends of £7,500 thousand on the Company's ordinary shares were declared and settled in cash in February 2022. Further dividends of £1,500 thousand were declared and settled in November 2022 *(2021: £nil)*. The directors do not recommend a final dividend on the Company's ordinary shares for the 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. In addition, the financial statements include notes on the Company's management of its major risks (see note 13)

The Company and its ultimate parent, Aviva plc, have considerable financial resources and as a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

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

Future outlook

Likely future developments in the business of the Company are discussed in the strategic report on page 7.

Employees

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

Independent auditors

Under the Competition and Markets Authority Regulations, the Company 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 ending 31 December 2022. The audit tender process was initiated during 2020 but COVID-19 restrictions caused delays and Aviva sought a two year extension from the Financial Reporting Council (FRC) which was granted. Following a full and rigorous competitive tender process, which was overseen by the Group's Audit Committee, the selection of Ernst & Young LLP from the year ending 31 December 2024 was approved by the Aviva plc Board. PricewaterhouseCoopers LLP will continue in its role and will undertake the audit for the financial year ending 31 December 2023.

Qualifying indemnity provisions

In 2004, Aviva plc, the Company's ultimate parent, granted an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985, which continue to apply in relation to any provision made before 1 October 2007. This indemnity is a "qualifying third party indemnity" for the purposes of section 309A to section 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving

Directors' report (continued)

the directors' report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

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

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Financial Statements 2022 in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have 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 company's auditors are aware of that information.

By order of the Board on 27 September 2023

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

27 September 2023

Independent auditors' report to the members of Aviva Health UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Health UK 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 Income Statement, the Statement of Changes in Equity, the Statement of cash flows for the year then ended; the Accounting policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained

Independent auditors' report (continued)

in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 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 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 the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Review of relevant meeting minutes of the Board;

Independent auditors' report (continued)

- Making inquiries of the Aviva Group Investigations team who are responsible for independently reviewing fraudulent activity across the Aviva group, including fraud and consideration of known or suspected instances of non-compliance with laws and regulation; and
- Identifying and performing procedures over journal entries, in particular journals that appear to be posted outside the normal patterns of business.

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.

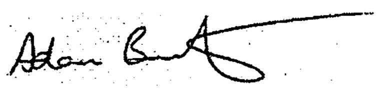
Other required reporting

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.



Adam Beasant (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27-09-2023

Accounting policies

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

(A) Basis of preparation

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

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 Group transitioned to UK-adopted International Accounting Standards on 1 January 2021.

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

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

The Company's financial statements are stated in pounds sterling, which is the Company's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£000).

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

The Company has adopted the following amendments to standards which became effective for the annual reporting period 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) Amendments to IAS 37 Provisions: Onerous Contracts - Cost of Fulfilling a Contract (published by the IASB in May 2020).

(ii) Annual improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (published by the IASB in May 2020).

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, have not been adopted early by the Company 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 been 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 been 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 been endorsed by the UK.

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

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.

(B) Critical accounting policies and the use of estimates

The preparation of financial statements requires the Company to select accounting policies and make estimates and assumptions that affect items reported in the Income Statement, Statement of Financial Position, other primary statements and notes to the financial statements.

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

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

(C) Revenue recognition

The Company derives revenue from the marketing and administration of healthcare products and is recognised when its performance obligation is satisfied, at the fair value of consideration receivable. Revenue can be split into the following streams:

Accounting policies (continued)

(i) Revenue generated from services provided for the administration of insurance business
Revenue represents fees charged by the Company for the provision of operational assets and services during the year. The performance obligation is satisfied over time as the service is delivered. Revenue is recognised in the accounting period in which the services are provided when there are probable future economic benefits and when these can be reliably measured. Transaction price and timing of payment are in accordance with terms specified by the underlying contract.

(ii) Revenue generated from the administration of non-insurance trust policies
Trusts are held by Aviva Health UK Limited on behalf of its customers, who pay an administration fee for the service provided. Revenue is recognised in the accounting period in which the services are provided when there are probable future economic benefits and when these can be reliably measured. Revenue is measured at the fair value of consideration receivable. The performance obligation is satisfied over time as the service is delivered. Transaction price and timing of payment are in accordance with terms specified by the underlying contract.

(iii) Other income
Revenue represents fees charged by the Company for the provision of ad hoc services. Revenue is recognised in the accounting period in which the services are provided when there are probable future economic benefits and when these can be reliably measured. Revenue is measured at the fair value of consideration receivable. The performance obligation is satisfied over time when the service is delivered. Transaction price and timing of payment are in accordance with terms specified by the underlying contract.

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

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

(D) Trade and other receivables

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

(E) Cash and cash equivalents

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

(F) 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.

Accounting policies (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 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.

(G) Trade and other payables and other liabilities

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

(H) Share capital

Equity instruments

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

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

Dividends

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

Income Statement
For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Income			
Revenue	C & 1	**86,928**	85,258
Profit on the sale of an equity investment		-	5,281
		86,928	90,539
Expenses	2		
Operating expenses		**(84,117)**	(83,500)
Profit for the year before tax		**2,811**	7,039
Tax charge	5	-	(23)
Profit for the year after tax		**2,811**	7,016

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

The accounting policies (identified alphabetically) on pages 13 to 15 and notes (identified numerically) on pages 19 to 30 are an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2022

	Ordinary share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021	7,700	5,218	12,918
Profit for the year after tax	-	7,016	7,016
Total comprehensive income for the year	-	7,016	7,016
Balance at 31 December 2021	**7,700**	**12,234**	**19,934**
Profit for the year after tax	-	2,811	2,811
Total comprehensive income for the year	-	2,811	2,811
Dividends paid	-	(9,000)	(9,000)
Balance at 31 December 2022	7,700	6,045	13,745

The accounting policies (identified alphabetically) on pages 13 to 15 and notes (identified numerically) on pages 19 to 30 are an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2022

	Note	2022 £000	2021 £000
Assets			
Receivables	D & 6	**27,735**	16,381
Deferred tax assets	F & 9(b)	**97**	97
Cash and cash equivalents	E & 11(b)	**135,352**	119,843
Total assets		**163,184**	136,321
Equity			
Ordinary share capital	H & 7	**7,700**	7,700
Retained earnings	8	**6,045**	12,234
Total equity		**13,745**	19,934
Liabilities			
Trade and other payables	G & 10	**149,439**	116,387
Total liabilities		**149,439**	116,387
Total equity and liabilities		**163,184**	136,321

The financial statements on pages 16 to 30 were approved by the Board of Directors on 27 September 2023 and signed on its behalf by

M Kemp
Director

27 September 2023

Registered in England and Wales: No. 2464270

The accounting policies (identified alphabetically) on pages 13 to 15 and notes (identified numerically) on pages 19 to 30 are an integral part of these financial statements.

Statement of Cash Flow
As at 31 December 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities	11(a)	**24,509**	20,474
Net cash from operating activities		**24,509**	20,474
Cash flows from investing activities			
Proceeds from disposal of an equity investment		-	5,281
Net cash from investing activities		-	5,281
Cash flows from financing activities			
Interim dividend paid		**(9,000)**	-
Net cash used in financing activities		**(9,000)**	-
Total net increase in cash and cash equivalents		**15,509**	25,755
Cash and cash equivalents at 1 January		**119,843**	94,088
Cash and cash equivalents at 31 December	11(b)	**135,352**	119,843

Notes to the financial statements

1. Revenue

Revenue has been disaggregated by revenue stream as follows:

	2022 £000	2021 £000
Administration of insurance business	**82,806**	82,208
Administration of non-insurance trust policies	**4,106**	2,024
Other income	**16**	1,026
Total revenue	**86,928**	85,258

2. Expenses

Under management agreements, fellow group undertakings, including Aviva Central Services UK Limited, Aviva Life Services UK Limited, Aviva Insurance Limited and Aviva Employment Services Limited supply and make a charge for the provision of operational assets, services and staff to the Company. These are included in operating expenses below.

	2022 £000	2021 £000
Aviva Employment Services Limited	**37,983**	35,194
Other payments	**14,804**	17,207
Other group recharges	**31,330**	31,099
Operating expenses	**84,117**	83,500

The Company has no employees (2021: none). The staff engaged in the activities of the Company are employed by Aviva Employment Services Limited, a fellow subsidiary undertaking of Aviva plc. Disclosures relating to employee remuneration and the average number of persons employed are made in the financial statements of Aviva Employment Services Limited. The Company is recharged with the costs of the staff provided by Aviva Employment Services Limited.

Notes to the financial statements (continued)

3. Directors' emoluments

Emoluments of directors in office during the year were:

	2022 £000	2021 £000
Aggregate emoluments in respect of qualifying services	**1,795**	2,478
Accrued pension at end of year from defined benefit pension scheme	**120**	234
Termination benefits	**-**	212
	1,915	2,924
Emoluments of the highest paid director:		
Aggregate emoluments in respect of qualifying services	**492**	778
Accrued pension at end of year from defined benefit pension scheme	**29**	84
	521	862

The highest paid director received shares under the executive long-term incentive schemes.

Certain of the directors are covered by private medical insurance provided by Aviva Insurance Limited. Payments may be made to, or on behalf of, directors, subject to the normal policy rules.

No lump sum in relation to the defined benefit pension scheme had accrued at the end of the current or previous year.

During the year two of the directors exercised share options *(2021: one)* and seven of the directors received shares under long term incentive schemes *(2021: five)* in relation to shares of the Company's ultimate parent company, Aviva plc. Details may be found in the annual report and financial statements of Aviva plc.

4. Auditors' remuneration

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

	2022 £000	2021 £000
Fees payable to PwC LLP for the statutory audit of the Company's financial statements	**67**	62
	67	62

The Company is exempt under SI 2008/489 from the obligation to disclose fees in respect of 'Other services' as the Company is a subsidiary of Aviva plc, which prepares consolidated financial statements. Fees paid to the Company's auditors, PricewaterhouseCoopers LLP 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.

Audit fees are payable by Aviva Central Services UK Limited, a fellow Group company, and recharged as appropriate to the Company and fellow Group companies.

Notes to the financial statements (continued)

5. Tax

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

(i) The total tax charge comprises:

	2022 £000	2021 £000
Deferred tax		
Origination and reversal of temporary differences	-	46
Changes in tax rates or tax laws	-	(23)
Total deferred tax	-	23
Total tax charged to income statement	-	23

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

	2022 £000	2021 £000
Accelerated capital allowances	-	(7)
Provisions and other temporary differences	-	30
Total deferred tax charged to the income statement	-	23

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

There was no tax charged or credited to other comprehensive income in either 2022 or 2021.

(c) Tax reconciliation

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

	2022 £000	2021 £000
Profit for the year before tax	**2,811**	7,039
Tax calculated at standard UK corporation tax rate of 19.00% *(2021: 19.00%)*	**534**	1,337
Non-taxable profit on sale of an equity investment	-	(1,003)
Change in future statutory tax rate	-	(23)
Losses surrendered intra-group for nil value	**(534)**	(288)
Tax charge for the year	-	23

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 £23 thousand in the year ended 31 December 2021.

Notes to the financial statements (continued)

6. Receivables

	2022 £000	2021 £000
Trade receivables	**26,382**	14,805
Amounts due from fellow subsidiaries	**800**	800
Other receivables	**553**	776
Total at 31 December	**27,735**	16,381
Expected to be received in less than one year	**27,735**	16,381
Expected to be received in more than one year	**-**	-
Total at 31 December	**27,735**	16,381

Of the above total, £nil *(2021: £nil)* is expected to be recovered more than one year after the statement of financial position date.

7. Ordinary share capital

	2022 £000	2021 £000
Allotted, called up and fully paid share capital		
7,700,000 *(2021: 7,700,000)* ordinary shares of £1 each	**7,700**	7,700

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

8. Retained earnings

	2022 £000	2021 £000
Balance at 1 January	**12,234**	5,218
Profit for the year	**2,811**	7,016
Dividends paid	**(9,000)**	-
At 31 December	**6,045**	12,234

The Company is required to hold sufficient capital to meet acceptable solvency levels based on rules applicable to intermediary firms imposed by the Financial Conduct Authority (FCA). Its ability to transfer retained earnings to its parent company is therefore restricted to the extent these earnings form part of regulatory capital.

9. Tax assets and liabilities

(a) Current tax

There are no current tax assets recoverable or liabilities payable in more or less than one year in either 2022 or 2021.

(b) Deferred tax

(i) The balance at 31 December comprises:

	2022 £000	2021 £000
Accelerated capital allowances	**97**	97
Net deferred tax asset	**97**	97

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

	Note	2022 £000	2021 £000
Net asset at 1 January		**97**	120
Amounts charged to the income statement	5(a)	**-**	(23)
Net asset at 31 December		**97**	97

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

Notes to the financial statements (continued)

10. Trade and other payables

	2022 £000	2021 £000
Trade payables	**10,947**	9,822
Amounts owed to fellow subsidiaries	**89,350**	61,393
Deferred income	**238**	788
Other payables	**48,904**	44,384
Total at 31 December	**149,439**	116,387
Expected to be paid in less than one year	**149,439**	116,387
Expected to be paid in more than one year	**-**	-
Total at 31 December	**149,439**	116,387

11. Statement of cash flows

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

	2022 £000	2021 £000
Profit before tax	**2,811**	7,039
Adjustment for:		
Proceeds from disposal of an equity investment	**-**	(5,281)
Changes in working capital:		
Decrease/(increase) in trade and other receivables	**(11,354)**	7,115
Increase in trade and other payables	**33,052**	11,601
	21,698	18,716
Net cash inflow from operating activities	**24,509**	20,474

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

	2022 £000	2021 £000
Cash and cash equivalents	**135,352**	119,843
Total at 31 December	**135,352**	119,843

12. Dividends

	2022 £000	2021 £000
Ordinary dividends declared and charged to equity in the year:		
Interim dividend - £0.97 per share, declared in February 2022	**7,500**	-
Interim dividend - £0.19 per share, declared in November 2022	**1,500**	-
	9,000	-

An interim ordinary dividend of £7,500 thousand was paid and charged to equity in February 2022, all of which was settled in cash.

An interim ordinary dividend of £1,500 thousand was paid and charged to equity in November 2022, all of which was settled in cash.

In accordance with accounting policy H all interim ordinary dividends settled during 2022 are recognised in the 2022 accounting period.

Notes to the financial statements (continued)

13. Capital structure

In managing its capital, the Company seeks to:

- Match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- Maintain sufficient, but not excessive, financial strength to support new business growth and satisfy the requirements of its customers and its regulator, the Financial Conduct Authority (FCA);
- Retain financial flexibility by maintaining liquidity; and
- Allocate capital efficiently to support growth and repatriate excess capital where appropriate.

The Company is subject to the capital requirements applicable to intermediary firms imposed by the FCA. The Company fully complied with these regulatory requirements during the year.

The analysis below sets out the Company's capital resources available to meet its regulatory capital requirements:

	2022	2021
	£000	£000
Total equity	**13,745**	19,934
Adjustments onto a regulatory basis:		
Deferred tax assets	**(97)**	(97)
Total available capital resources	**13,648**	19,837

In addition to the minimum regulatory requirements outlined above, the Company complies with Group mandated Capital Management Risk Standards which include the setting of risk appetites which are designed to give some buffer against adverse events when compared with minimum solvency. These appetites define what action should be taken by management where the actual capital level is above or below the desired target level.

Notes to the financial statements (continued)

14. Risk management

(a) Risk Management Framework (RMF)

The Company's RMF has a key role in supporting the business to deliver its purpose for our customers, our people and our shareholder, helping the business discover, predict, understand and manage our risks thereby maintaining a safe environment. The RMF comprises the systems of governance, including risk policies and business standards, risk management processes and Risk Appetite Framework (RAF), risk oversight committees and clearly defined roles and responsibilities along with the processes the Company uses to Identify, Measure, Manage, Monitor and Report (IMMMR) risks.

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

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

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

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

Board oversight of risk and risk management across the Company is maintained on a regular basis. The Board has overall responsibility for determining risk appetites, which are an expression of the risk the business is willing to take. Long-term sustainability depends upon the protection of franchise value and good customer relationships. As such, the Company has no appetite for risk of poor customer outcomes, market abuse or activities which might impact market stability and/or integrity of fair competition and takes all reasonable steps to comply with all conduct regulations and deliver good customer outcomes.

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

(b) Credit risk

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

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

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

The maximum exposure to credit risk arising on the Company's financial assets at the reporting date equates to carrying value. At the balance sheet date all financial assets subject to credit risk were neither past due nor impaired.

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

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

(c) Liquidity risk

Liquidity risk is the risk of loss or adverse outcomes due to being unable to generate sufficient cash resources at efficient cost to meet financial obligations as they fall due in normal and stressed conditions. The Company continuously monitors its Liquidity Risk position and ensures that it maintains sufficient financial resources to meet its obligations as they fall due.

Notes to the financial statements (continued)

14. Risk management (continued)

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

At 31 December 2022	Within 1 year	1 to 5 years	Total
	£000	£000	£000
Trade and other receivables	**27,735**	**-**	**27,735**
Cash and cash equivalents	**135,352**	**-**	**135,352**
	163,087	**-**	**163,087**

At 31 December 2021	Within 1 year	1 to 5 years	Total
	£000	£000	£000
Trade and other receivables	16,381	-	16,381
Cash and cash equivalents	119,843	-	119,843
	136,224	-	136,224

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

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

At 31 December 2022	Within 1 year	1 to 5 years	Total
	£000	£000	£000
Trade and other payables	**149,439**	**-**	**149,439**
	149,439	**-**	**149,439**

At 31 December 2021	Within 1 year	1 to 5 years	Total
	£000	£000	£000
Trade and other payables	116,387	-	116,387
	116,387	-	116,387

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

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, people and systems, or external events including changes in the regulatory environment.

The Company has a very low appetite for operational risks and aims to reduce these risks as far as is commercially sensible.

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

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

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

Notes to the financial statements (continued)

14. Risk management (continued)

(e) Climate Change

The Company considers climate change to be a significant risk to our strategy and business model and its impacts are already being felt. Global average temperatures over the last five years have been the hottest on record. Despite the United Nations Framework Convention on Climate Change Paris Agreement, the current trend of increasing CO_2 emissions is expected to continue and in the absence of radical action by governments, global temperatures are likely to exceed pre-industrial levels by at least 2°C and weather events (floods, droughts and windstorms) increase both in frequency and severity.

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

For further details see the Aviva plc Climate-related Financial Disclosure 2022 report.

Notes to the financial statements (continued)

15. Related party transactions

The members of the 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 Board of Directors.

Amounts receivable from, or payments due to, related parties are disclosed separately in the relevant notes. The related parties' receivables (note 6) and payables (note 10) are not secured and no guarantees were received in respect thereof. No provision or expense has been recognised during the year in respect of expected credit losses calculated *(2021: £nil)*.

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

(a) The Company had the following related party transactions

(i) Income receivable from related parties

During the year, the Company received income of £82,806 thousand *(2021: £82,208 thousand)*, from fellow group undertakings.

(ii) Services provided by related parties

Under management agreements Group companies supply and make charges for the provision of operational assets and services to the Company. The agreements specify the amounts payable in respect of these services. Details of these charges are included in note 2 to the financial statements.

Amounts payable in respect of services from Healthcode Limited were £730 thousand *(2021: £647 thousand)*. At the end of the year £nil remained outstanding (2021: £nil).

(b) Key management compensation

The total compensation to those employees classified as key management, being those having authority and responsibility for planning, directing and controlling the activities of the Company, including the executive directors, is as follows:

	2022	2021
	£000	£000
Aggregate emoluments in respect of qualifying services	**1,795**	2,478
Accrued pension at end of year from defined benefit pension scheme	**120**	234
Termination benefits	**-**	212
	1,915	2,924

There are no amounts receivable from, or payments due to, key management.

The directors are remunerated by Aviva Employment Services Limited, a fellow subsidiary of the ultimate holding company, Aviva plc. The emoluments of these directors are recharged to Aviva Health UK Limited, and details of their emoluments are given in note 3.

(c) Parent entity

The immediate parent entity is Aviva Insurance Limited, registered in Scotland.

(d) Ultimate parent entity

The ultimate parent entity and controlling party is Aviva plc, a public limited company incorporated and domiciled in the United Kingdom, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of Aviva plc consolidated financial statements are available on application to the Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London EC3P 3DQ, and on the Aviva plc website at www.aviva.com.

Notes to the financial statements (continued)

16. Related undertakings

The Company's Act 2006 requires disclosure of certain information about the Company's related undertakings which is set out in this note. Related undertakings comprise associates.

The Company's related undertakings along with the country of incorporation, the registered address, the class of shares held and the effective percentage of equity owned at 31 December 2022 are listed below.

The direct related undertakings of the Company as at 31 December 2022 are listed below:

Name of undertaking	Registered address	Country of incorporation	Share class	% held
Healthcode Limited	Swan Court Waterman's Business Park, Kingsbury Crescent, Staines, Surrey, TW18 3BA	United Kingdom	Ordinary	20.00
Healthcare Purchasing Alliance Limited	8 Surrey Street, Norwich, Norfolk, NR1 3NG	United Kingdom	Ordinary	50.00

The equity investment in Healthcode Limited has been fully impaired. The investments were deemed to have no fair value on the basis that no income would be received from Healthcode Limited.

On 20 October 2015, the Company entered into a joint venture with Vitality Corporate Services Limited to form Healthcare Purchasing Alliance Limited (HPA) for the purpose of procuring hospital treatment on behalf of Aviva and Vitality.

17. Subsequent events

Management has evaluated subsequent events for the period from 31 December 2022 to the date of these financial statements. There has been one material subsequent event in that period:

- In May 2023, Aviva announced that it would pay a final £47m to eligible UK private health insurance customers, taking the total amount to be returned to customers to £128m. The final payment will include a 20% uplift in recognition of the time elapsed since the original date of the Pledge. This figure represents the Company's final assessment of the difference between expected claims and actual claims for the period 1 March 2020 to 31 December 2022 and was independently reviewed by Grant Thornton UK LLP.