Aviva Investment Solutions UK Limited

Directors and Officers

Directors

M L F Golunska
M R McGill
S E Robinson
P C P Tiernan
C A Williams

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
Central Square
29 Wellington Street
Leeds
LS1 4DL

Registered Office

Pixham End
Dorking
Surrey
RH4 1QA

Company Number

Registered in England and Wales: No. 6389025

Other Information

Aviva Investment Solutions UK Limited ("the Company") is covered by the Financial Ombudsman Service and is authorised and regulated by the Financial Conduct Authority ("FCA")

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

Contents

The directors present their strategic report for Aviva Investment Solutions UK Limited (the Company) for the year ended 31 December 2018.

Review of the Company's business

The principal activity of the Company is to support the Aviva Group Corporate Platform which went live on 31 January 2012. The Corporate Platform allows the Aviva Group to provide a solution for workplace benefits and it enables trustees of pension schemes to increase their choice of funds and fund managers. It uses a single administrative platform to access a comprehensive range of investment managers, funds and fund ranges.

The platform supports the following products:

- A general investment account (Investment Account)
- A corporate cash individual savings account (Cash ISA)
- A corporate stocks and shares savings account (Stocks & Shares ISA)

The Company is regulated by the Financial Conduct Authority (FCA) to carry on activities as an Investment Management Firm.

Financial position and performance

Fee income for the year has increased to £64,000 *(2017: £46,000).* Fee income is made up of management charges and set up fees relating to platform activity. The increase in year reflects the growing volumes of business on the platform. Assets under administration (AUA) increased from £16.2 million to £19.8 million during the year. Interest income on deposit accounts has increased to £37,000 *(2017: £21,000).* The movement is due to the growing volume of business on the platform.

Operating and administrative expenses have risen to £90,000 *(2017: £73,000).* The increase is due to a rise in ex-gratia costs in the year.

Profit after tax for the year is £9,000 *(2017: £5,000 loss).*

Total equity has increased by £9,000 *(2017: decreased by £5,000),* reflecting the profit *(2017: loss)* for the year.

Future outlook

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

Principal risks and uncertainties

The major risk facing the business is operational risk, which is in line with FCA expectations for investment businesses which hold assets in a fiduciary capacity and off balance sheet.

Operational risk of loss would arise as a result of inadequate or failed internal processes, people or systems, or from external events, including regulatory risk. This definition is intended to include all risk exposures to which the Company is exposed, other than the financial risks. Hence, operational risks include IT, information security, projects, outsourcing, legal and fraud and regulatory risks. Operational risks are assessed according to the potential impact and probability of the event concerned. These impact assessments are made against financial, operational and reputational criteria.

Management are responsible for the identification, measurement, management and monitoring of operational risks and for reporting these in accordance with the Group's escalation criteria in terms of their probability and impact in accordance with Group policy.

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

Key performance indicators (KPIs)

Revenue represents annual management charges on all contributions into the investor accounts and interest income. Revenue for the year has increased to £101,000 *(2017: £67,000).*

Under a management agreement, Aviva Management Services UK Limited (AMSL) supplies and makes charges for the provision of operational assets and services to the Company. The agreement specifies the amounts payable to AMSL in respect of these expenses, which are included within operating expenses. The amount of this recharge is £30,000 *(2017: £30,000).*

Profit after tax for the year is £9,000 *(2017: loss of £5,000).*

By order of the Board on 8 April 2019

Aviva Company Secretarial Services Limited
Company Secretary

The directors present their annual report and audited financial statements for Aviva Investment Solutions UK Limited (the Company) for the year ended 31 December 2018.

Directors

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

P C P Tiernan was appointed as a director of the Company on 7 March 2018.

S E Robinson was appointed as a director of the Company on 8 March 2018.

T R Orton resigned as a director of the Company on 7 January 2019.

Dividend

The directors do not recommend the payment of a dividend for the financial year ended 31 December 2018 *(2017: £nil)*.

Future developments

Likely future developments in the business of the Company are discussed in the Strategic Report on page 3.

Employees

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

Disclosure of information to the auditors

Each person who was a director of the Company on the date that this report was approved, confirms that:

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

Independent auditors

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

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 sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions were in force throughout the year and at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

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

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union 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.

By order of the Board on 8 April 2019

Julian Dudley

Aviva Company Secretarial Services Limited
Company Secretary

Independent auditors report to the members of Aviva Investment Solutions UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Investment Solutions UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; 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 audited financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; 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

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2018 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 set out on page 6, 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.

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 received 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.

Martin Cross (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

8 April 2019

The Company, a limited company incorporated and domiciled in the United Kingdom (UK), was established to support the Aviva Group Corporate Platform. 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 presentation

This is the Company's first set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and its previously reported 2017 financial statements have accordingly been restated to comply with EU-adopted IFRS, with the date of transition to IFRS being 1 January 2017. The principal effects of the adoption of IFRS have been reflected within note 1 on first time adoption.

The financial statements of the Company have been prepared and approved by the directors in accordance with IFRSs as endorsed by the European Union (EU), and those parts of the Companies Act 2006 applicable to those reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis.

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

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 2018:

(i) IFRS 9, Financial Instruments

In July 2014, the IASB published IFRS 9, Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9, all financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the income statement. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle-based approach.

IFRS 9 is effective for the Company from 1 January 2018 as it is not eligible to apply the deferral option available to insurers. The adoption of IFRS 9 has had no impact on the Company's financial statements.

(ii) IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. This standard applies to annual reporting periods beginning on or after 1 January 2018 and has been endorsed by the EU. This standard replaces IAS 18 Revenue.

The scope of IFRS 15 includes all contracts where the Company has agreed to provide goods or services to a customer, except for the following:

- Insurance contracts (IFRS 4)
- Financial instruments (IFRS 9)
- Leases (IAS 17)

The adoption of IFRS 15 has had no impact on the Company's financial statements.

(iii) Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

In June 2016, the IASB issued amendments to IFRS 2 Share-based Payment. The amendments are effective from 1 January 2018. The adoption of this amendment does not have an impact on the Company's financial statements.

(iv) Annual Improvements to IFRSs 2014-2016

These improvements consist of amendments to three IFRSs including IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates. The amendments to IFRS 1 and IAS 28 are effective for annual reporting periods beginning on or after 1 January 2018. The adoption of this amendment does not have an impact on the Company's financial statements as the clarifications are consistent with our existing interpretation.

(v) Amendments to IAS 40 – Transfers of Investment Property

In December 2016, the IASB published amendments to IAS 40 Investment Property. The amendments are effective from 1 January 2018 and have been endorsed by the EU. The adoption of this amendment does not have an impact on the Company's financial statements.

(vi) IFRIC 22, Foreign Currency Transactions and Advance Consideration

In December 2016, the IASB published IFRIC 22 Foreign Currency Transactions and Advance Consideration. The standard is effective for annual reporting beginning on or after 1 January 2018 and has been endorsed by the EU. The adoption of this amendment does not have an impact on the Company's financial statements.

The following new standards, 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) IFRS 17, Insurance Contracts

In May 2017, the IASB published IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 that was issued in 2005. IFRS 17 applies to all types of insurance contracts as well as to certain guarantees and financial instruments with discretionary participation features. In contrast to the requirements in IFRS 4, which are largely based on grandfathering of previous local accounting policies, IFRS 17 provides a comprehensive and consistent approach to insurance contracts. The core of IFRS 17 is the general model, supplemented by a specific adaption for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The main features of the new accounting model for insurance contracts are, as follows: the measurement of the present value of future cash flows incorporating an explicit risk adjustment and remeasured every reporting period (the fulfilment cash flows); a contractual service margin that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (coverage period); the presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of insurance services provided during the period; and extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The adoption of IFRS 17 is not expected to have a significant impact on the Company's financial statements. This standard applies to annual reporting periods beginning on or after 1 January 2022 and has not yet been endorsed by the EU.

(ii) IFRS 16 Leases

In January 2016, the IASB published IFRS 16 Leases which will replace IAS 17 Leases. IFRS 16 introduces a definition of a lease with a single lessee accounting model eliminating the classification of either operating or finance leases. Lessees will be required to account for all leases in a similar manner to the current finance lease accounting recognising lease assets and liabilities on the statement of financial position. Lessor accounting remains similar to current practice. The Company has adopted IFRS 16 from 1 January 2019. The adoption of this standard has had no impact on the Company's financial statements.

(iii) IFRIC 23, Uncertainty over Income Tax Treatments

In June 2017, the IASB published IFRIC 23 Uncertainty over Income Tax Treatments. The standard is effective for annual reporting beginning on or after 1 January 2019 and has not yet been endorsed by the EU.

(iv) Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement

In February 2018, the IASB published Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments are effective for annual reporting beginning on or after 1 January 2019 and have not yet been endorsed by the EU.

(v) Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures

In October 2017, the IASB published Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28). The amendments are effective for annual reporting beginning on or after 1 January 2019 and have not yet been endorsed by the EU.

(vi) Annual Improvements to IFRS Standards 2015-2017 Cycle

These improvements consist of amendments to three IFRSs including IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income taxes and IAS 23 Borrowing Costs. The amendments are effective for annual reporting beginning on or after 1 January 2019 and have not yet been endorsed by the EU.

(vii) Amendments to References to the Conceptual Framework in IFRS Standards

Published by the IASB in March 2018. The amendments are effective for annual reporting beginning on or after 1 January 2020 and have not yet been endorsed by the EU.

(viii) Amendment to IFRS 3 Business Combinations

Published by the IASB in October 2018. The amendments are effective for annual reporting beginning on or after 1 January 2020 and have not yet been endorsed by the EU.

(B) Critical accounting estimates and judgements

The preparation of the Company's financial statements, in accordance with IFRS, requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. There are no major areas of judgement on policy application for the Company.

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. There are no items considered to be particularly susceptible to changes in estimates and assumptions for the Company.

(C) Revenue and interest receivable

Revenue represents annual management charges on all contributions into the investor accounts and set up fees relating to platform activities. Revenue is recognised over time as the services are provided. Interest receivable is accounted for on an accruals basis.

(D) Receivables and payables

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

(E) Statement of cash flows

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

(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.

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

(G) 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:

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

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

Aviva Investment Solutions UK Limited
Income statement
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Income			
Revenue	C	**64**	46
Interest receivable and similar income	C	**37**	21
		101	67
Expenses			
Operating expenses	2	**(90)**	(73)
		(90)	(73)
Profit/(loss) before tax		**11**	(6)
Tax (charge)/credit	F & 5	**(2)**	1
Profit/(loss) for the year		**9**	(5)

The Company has no other comprehensive income.

The accounting policies (identified alphabetically) on pages 9 to 12 and the notes (identified numerically) on pages 17 to 24 are an integral part of these financial statements.

Aviva Investment Solutions UK Limited
Statement of financial position
As at 31 December 2018

	Note	2018 £'000	2017 £'000	2016 £'000
Assets				
Tax assets	F & 10	**-**	7	-
Receivables	D & 6	**3,237**	2,467	2,154
Prepayments and accrued income	D & 7	**22**	12	3
Cash and cash equivalents	E & 12(b)	**8,305**	9,036	9,350
Total assets		**11,564**	11,522	11,507
Equity				
Ordinary share capital	G & 8	**11,500**	11,500	11,500
Accumulated losses	9	**(45)**	(54)	(49)
Total equity		**11,455**	11,446	11,451
Liabilities				
Tax liabilities	F & 10	**1**	-	-
Payables and other financial liabilities	D & 11	**108**	76	56
Total liabilities		**109**	76	56
Total equity and liabilities		**11,564**	11,522	11,507

The financial statements were authorised for issue by the Board of directors on 8 April 2019 and were signed on its behalf.

S E Robinson *Director*

The accounting policies (identified alphabetically) on pages 9 to 12 and the notes (identified numerically) on pages 17 to 24 are an integral part of these financial statements.

Aviva Investment Solutions UK Limited
Statement of changes in equity
For the year ended 31 December 2018

	Note	Ordinary share capital £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 January 2017		11,500	(49)	11,451
Loss for the year	9	-	(5)	(5)
Balance at 31 December 2017		.11,500	(54)	11,446
Profit for the year	9	-	9	9
Balance at 31 December 2018		**11,500**	**(45)**	**11,455**

The accounting policies (identified alphabetically) on pages 9 to 12 and the notes (identified numerically) on pages 17 to 24 are an integral part of these financial statements.

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash used in operations	12(a)	**(731)**	(314)
Net cash used in operating activities		**(731)**	(314)
Net decrease in cash and cash equivalents		**(731)**	(314)
Cash and cash equivalents at 1 January		**9,036**	9,350
Cash and cash equivalents at 31 December	12(b)	**8,305**	9,036

The accounting policies (identified alphabetically) on pages 9 to 12 and the notes (identified numerically) on pages 17 to 24 are an integral part of these financial statements.

1. First time adoption of International Financial Reporting Standards

The Company has adopted International Financial Reporting Standards (IFRS) for these financial statements for the year ended 31 December 2018. In order to show comparative balances, the year ended 31 December 2017 is also shown under IFRS. The date of transition to IFRS is therefore 1 January 2017.

The Company previously prepared financial statements in accordance with the Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 (FRS 101), the reduced disclosure framework for the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS. As the recognition and measurement principles under FRS 101 are the same as those under EU-adopted IFRS, the first time adoption of IFRS by the Company has not resulted in any restatement of comparative amounts. It has however resulted in additional disclosure requirements in relation to the cashflow statement and related parties (note 14) which are disclosed for the first time in 2018.

2. Operating expenses

Under a management agreement, Aviva Management Services UK Limited (AMSL) supplies and makes charges for the provision of operational assets and services to the Company. The agreement specifies the amounts payable to AMSL in respect of these expenses, which are included in operating expenses.

	2018	2017
	£'000	£'000
AMSL recharges (operating)	**30**	30
Other operating expenses	**60**	43
Total operating expenses	**90**	73

3. Directors' emoluments

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

4. Auditors' remuneration

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

	2018	2017
	£'000	£'000
Fees payable for the audit of the Company's financial statements	**12**	13

Audit fees are borne by a fellow group undertaking. 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 are disclosed in the consolidated accounts 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.

5. Tax

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

	2018	2017
Current tax	**£'000**	£'000
For this year	**(2)**	1
Total current tax	**(2)**	1
Total tax (charged)/credited to the income statement	**(2)**	1

(b) Tax charged to other comprehensive income

There was no tax credited or charged to other comprehensive income in either 2018 or 2017.

(c) Tax reconciliation

The tax on the company's profit/(loss) before tax is the same as the theoretical amount that would arise using the tax rate of the United Kingdom as follows:

	2018	2017
	£'000	£'000
Profit/(loss) before tax	**11**	(6)
Tax calculated at standard UK corporation tax rate of 19% *(2017: 19.25%)*	**(2)**	1
Tax (charge)/credit for the year	**(2)**	1

Finance Act 2016,which received Royal Assent on 15 September 2016, will reduce the corporation tax rate to 17% from 1 April 2020.

6. Receivables

	2018	2017
	£'000	£'000
Amounts due from group undertakings	**2,756**	2,222
Trade debtors	**479**	245
Other receivables including tax and social security	**2**	-
	3,237	2,467

None of the above total *(2017: £nil)* is expected to be recovered more than one year after the statement of financial position date. The carrying amount in the financial statements is deemed to be a reasonable approximation of the fair value.

7. Prepayments and accrued income

	2018	2017
	£'000	£'000
Prepayments and accrued income	**22**	12

None of the above total *(2017: £nil)* is expected to be recovered more than one year after the statement of financial position date.

8. Ordinary share capital

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

	2018	2017
	£'000	£'000
The allotted, called up and fully paid share capital of the Company was:		
11,500,001 *(2017: 11,500,001)* ordinary shares of £1 each	**11,500**	11,500

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.

9. Accumulated losses

	2018	2017
	£'000	£'000
At 1 January	**(54)**	(49)
Profit/(loss) for the year	**9**	(5)
At 31 December	**(45)**	(54)

The Company is required to hold sufficient capital to meet acceptable solvency levels applicable to IFPRU Investment Firms imposed by the Financial Conduct Authority (FCA). Its ability to transfer retained earnings to the UK parent company is therefore restricted to the extent these earnings form part of local regulatory capital.

10. Tax liabilities/assets

Tax liabilities payable in more than one year are £1,000 *(2017: £7,000 asset recoverable).*

11. Payables and other financial liabilities

	2018	2017
	£'000	£'000
Amounts owed to group undertakings	**104**	74
Other creditors including taxation and social security	**4**	2
	108	76

None of the above total is expected to be paid more than one year after the statement of financial position date *(2017: £nil).*

12. Statement of cash flows

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

	2018 £'000	2017 £'000
Profit/(loss) before tax	**11**	(6)
Changes in working capital		
Increase in receivables	**(764)**	(319)
Increase in prepayments and accrued income	**(10)**	(9)
Increase in payables and other financial liabilities	**32**	20
Total cash used in operating activities	**(731)**	(314)

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

	2018 £'000	2017 £'000
Cash at bank and in hand	**8,305**	9,036

13. Risk and capital management

(a) Risk management framework

The ultimate parent company, Aviva plc, and its subsidiaries, joint ventures and associates (collectively known as "the Group") operate a risk management framework ("RMF"), which forms an integral part of the management and board processes and decision-making framework across the Group. The key elements of our risk management framework comprise risk strategy and risk appetite, risk policy categorisation, enterprise-wide approach to managing risk, including how to identify, measure, manage, monitor and report risks, and risk governance and oversight (including boards and board committees, risk policies and business standards, delegated authorities and management committees, and roles and responsibilities). The Group's approach to risk management ensures that significant existing or emerging risks are actively identified, measured, managed, monitored and reported on a continuous basis. The RMF has been adopted by the boards of the legal entities within the businesses collectively referred to as "UK Life" (including this Company).

For the purposes of risk identification and measurement, risks are usually grouped by risk type: market, credit, life insurance, liquidity and operational risk. Risks falling within these types may affect a number of key metrics, including those relating to balance sheet strength, liquidity and profit. They may also affect the performance of the products that the Company delivers to customers and the service to customers and distributors, which can be categorised as risks to our brand and reputation or as conduct risk.

Risk models are an important tool in the Company's measurement of risk and are used to support the monitoring and reporting of the risk profile and in the consideration of the risk management actions available. The Company carries out a range of stress (where one risk factor, such as equity returns, is assumed to vary) and scenario (where combinations of risk factors are assumed to vary) tests to evaluate their impact on the business and the management actions available to respond to the conditions envisaged. Board oversight of risk and risk management across the Group is maintained on a regular basis through its Risk Committee. The Board has overall responsibility for determining risk appetite, which is an expression of the risk it is willing to take. The Group's position against risk appetite is monitored and reported to the Board on a regular basis. A similar arrangement prevails at the UK Life business level.

UK Life sets limits to manage material risks to ensure the risks stay within risk tolerance (the desired or upper bound on the level of risk that UK Life will take in pursuit of its purpose and strategy). UK Life assesses the size and scale of a risk by considering how likely it is that the risk will materialise and the potential impact the risk could have on its business and its stakeholders. Where risks are outside of tolerance, actions are agreed to bring the risks within tolerance. Impact assessments are considered against financial, operational and reputational criteria and take into account underlying factors such as economic conditions, for example, UK economic growth and inflation.

UK Life has an established governance framework, which has the following key elements:

- defined terms of reference for the legal entity boards and the associated board committees within the UK Life business, including the Risk Committee, Conduct Committee, Audit Committee, Investment Committee, With Profit Committee and Independent Governance Committee.
- a clear organisational structure with documented delegated authorities and responsibilities from the legal entity boards to CEOs and senior management. Often the senior management are assisted in discharging their delegated authority through the discussions at management committees (for example the Executive Committee, Operational Risk and Conduct Committee and Asset Liability Committee).
- adoption of the Group policy framework that defines risk appetite measures and sets out risk management and control standards for the Group's worldwide operations. The risk policies and associated business standards also set out the roles and responsibilities of Group, Businesses, Policy and Standard Owners, and Board and Management Committees.

UK Life operates within a three lines of defence risk management model that encourages close working relationships between line management and the risk function whilst facilitating independent assurance by internal audit, and the roles of the three lines of defence each contribute to embedded risk management:

- First line of defence (Management): Primary responsibility for risk identification, measurement, management, monitoring and reporting lies with business management. The first-line management is responsible for the implementation and practice of risk management.
- Second line of defence (Risk function): Responsibility for reviewing and challenging the completeness and accuracy of risk identification, measurement, management, monitoring and reporting, and the adequacy of, and progress against, mitigation plans lies with the Risk function. This necessitates the early involvement by management of the Risk function in key business decisions or projects, both in relation to customer and shareholder risks. The Risk function is responsible for overseeing the effective operation of the Risk Management Framework, particularly in relation to setting Risk Appetite.
- Third line of defence (Internal Audit function): Responsibility for assessing and reporting (to group and business unit audit, risk and governance committees, as appropriate) on the effectiveness of the design and operation of the framework of controls which enable risk to be assessed and managed lies with Internal Audit.

The Regulators also require UK Life to assess its economic capital requirements to ensure that it adequately reflects the risks facing the business. UK Life has accordingly developed economic capital models that support the measurement, comparison and further understanding of its risks. The results of the modelling are incorporated into key strategic planning and decision-making processes. These models show the relative impact to economic capital from the risks faced. In turn this supports the assessment of appropriate and effective mitigating strategies where risks are outside of appetite.

(b) Market risk

Market risk is the risk of loss or adverse change in the financial situation (including the value of assets, liabilities and income) resulting, directly or indirectly, from fluctuations in the level or the volatility of market variables, such as interest rates, foreign exchange rates, equity, property and commodity prices. The nature of the business means that market risks in terms of market value movements are borne by the customers. Market risk arises only indirectly as a result of the impact on the value of assets under administration (AUA), which will affect revenue received from fee income. The Company is not exposed to significant interest rate risk.

(c) Credit risk

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

The nature of the Company's business means that it is not exposed to significant credit risk. This is because its receivables are mainly inter-company balances. A significant amount of business relates to the Aviva Group of companies and exposure is managed through regular and timely payments. At the balance sheet date all financial assets subject to credit risk were neither past due nor impaired.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be in a position to meet its liabilities as they fall due. In relation to the Company, this largely relates to ensuring that there are sufficient liquid assets available to meet funding demands from customer transactions. Liquidity risk is managed daily, with oversight provided by ALCO. A contingency funding plan is in place to provide the Company with short term liquidity should it be required.

(e) Risk and capital management

Capital is managed within the regulatory framework in which the Company operates. This makes use of the Internal Capital Adequacy Assessment Process ('ICAAP') to identify the risks to which the business is exposed and to quantify their impact on economic capital and changes thereto by way of stress and scenario tests. The ICAAP estimates how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk. The Company maintains an efficient capital structure, which is consistent with its risk profile and the regulatory and market requirements of its business. The Company's capital is managed in accordance with its Capital and Solvency Policy to maintain sufficient regulatory capital. The solvency position of the company is formally monitored on a monthly basis.

The Company uses sensitivity test-based analysis, including ICAAP, to understand the impact of volatile markets on expected earnings for decision-making and planning purposes. The impact of a fall in securities or property values at a point in time is limited to the impact on revenue, which is accrued based on those values. The Directors consider that a 10% fall or rise in markets at the year-end would not have a material impact on the pre tax profit or shareholder equity of the Company.

(f) Regulatory capital (unaudited)

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 authorised and regulated by the Financial Conduct Authority (FCA). The Company is an IFPRU (Prudential Sourcebook for Investment Firms) limited license firm and is required to comply with the Capital Requirements Directive (CRD) as set out in GENPRU and IFPRU. It is a regulatory requirement for the excess of assets over liabilities for IFPRU firms to exceed capital requirements both on a Pillar 1 (simple formula) basis and a Pillar 2 (Internal Capital Adequacy Assessment Process) basis. The Company has fully complied with the relevant regulatory capital requirements during the year.

The minimum Capital Resources Requirement ('CRR') on a Pillar 1 basis is the higher of the fixed overheads requirement and sum of the capital requirements for credit risk and market risk. Credit risk arises only incidentally to the operations of the business. Market risk does not arise directly in the Company. The fixed overhead requirement is calculated as one quarter of the Company's relevant fixed expenditure, calculated in accordance with GENPRU 2.1.54 R.

Pillar 1

IFPRU specifies a minimum ratio for the available capital as a percentage of 'risk weighted exposure'. Three tests are applied to different components of available capital:

- The ratio of common equity tier 1 capital to risk weighted exposure must be at least 4.5%
- The ratio of tier 1 capital to risk weighted exposure must be at least 6%
- The ratio of total available capital to risk weighted exposure must be at least 8%

The Company's available capital is all common equity tier 1 capital, and therefore the three ratios are the same and hence 8% is the most onerous requirement. As at 31 December 2018, the Company's ratio of total available capital to risk weighted exposure was 236% *(2017: 267%),* significantly in excess of the 8% requirement.

Pillar 2

The ICAAP capital is that required for the business in force at the valuation date, to cover the risks over the following 12 month period. The principal risk in the Company is operational risk. As at 31 December 2018, the Company's available capital is in excess of its Pillar 2 capital requirement.

The Company's capital consists of ordinary shares and reserves. The analysis below sets out the Company's regulatory capital resources available at year end to meet its capital requirements on a Pillar 1 basis.

	2018 £'000 unaudited	2017 £'000 unaudited
Tier One Capital Resources		
Permanent share capital	**11,500**	11,500
Reserves	**(45)**	(54)
Total tier one capital before deductions	**11,455**	11,446
Total capital resources	**11,455**	11,446
Total available capital resources	**11,455**	11,446
Capital resource requirement		
Risk weighted exposure	**(389)**	(343)
Surplus capital above minimum requirement	**11,066**	11,103

The downward movement in the surplus capital is due to the increase in the Pillar 1 capital resources requirement for the Company, offset in part by the profit in year.

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.

14. Related party transactions

(a) The members of the Board of Directors are listed on page 1 of these financial statements. There are no amounts receivable from or payments due to members of the Board of Directors.

(b) Services provided to related parties

	2018		2017	
	Income earned in year	**Receivable at year end**	Income earned in year	Receivable at year end
	£'000	**£'000**	£'000	£'000
Fellow subsidiaries	**-**	**2,756**	-	2,222

The related party receivables are not secured and no guarantees were received in respect thereof. No provision or expense has been recognised during the year in respect of bad and doubtful debts *(2017: £nil)*.

(c) Services provided by related parties

	2018		2017	
	Expense incurred in year	**Payable at year end**	Expense incurred in year	Payable at year end
	£'000	**£'000**	£'000	£'000
Fellow group undertakings	**30**	**104**	30	74

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

(d) Key management compensation

No charge is disclosed by the Company for key management personnel as they are key management of a number of fellow subsidiary undertakings and it is not possible to make an accurate apportionment of their compensation in respect or each of the individual subsidiary undertakings.

(e) Ultimate parent undertaking and controlling party

The immediate parent undertaking is Aviva Life Holdings UK Limited, a company incorporated in England.

The ultimate parent undertaking and controlling party is Aviva plc, a company incorporated in England.

Aviva plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements of Aviva plc are available on www.aviva.com or by application to the Group Company Secretary, Aviva plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.

15. Subsequent events

Management has evaluated subsequent events for the period from 31 December 2018 to the date of these financial statements, and there have been no material subsequent events during that period.