Aviva Investment Solutions UK Limited

Registered in England and Wales No. 6389025

Annual Report and Financial Statements 2021

Contents

Directors and officer

Directors

R Barker
E E Douglas
M J Hogg
J I Slider
C M Wood

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

Aviva
Wellington Row
York
YO90 1WR

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")

Strategic report

The directors present their strategic report for Aviva Investment Solutions UK Limited (the Company) for the year ended 31 December 2021.

Review of the Company's business

Principal activities

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.

Significant events

On 15 January 2021, the registered office of the Company changed from Pixham End, Dorking, Surrey, RH4 1QA to Aviva, Wellington Row, York, YO90 1WR.

On 15 July 2021, the Company entered into a new management services agreement to recharge the costs associated with collection services provided by the Company to a fellow Group undertaking.

On 13 October 2021, 10 million ordinary shares of £1 each were allotted and issued by the Company to the immediate parent entity Aviva Life Holdings UK Limited.

During 2021, COVID-19 continued to impact on our customers, our people and the communities in which we operate. We maintained our remote working capability to maintain strong levels of service for individual and commercial customers. As the year progressed, we adapted our customer service model to reflect the government advice in place at that particular time. We have also provided extensive support for our people throughout the period of restrictions, focusing on wellbeing and mental health support, as well as practical assistance for working at home and in the subsequent return to office based activities.

Events since the date of the statement of financial position

On 1 January 2022, the new FCA prudential regime MIFIDPRU came into force. The scope captures all investment firms that have permissions under MiFID which includes the Company. From the 1 January 2022, the Company has complied with the new FCA MIFIDPRU handbook.

Financial position and performance

Fee income for the year has increased to £1,502,000 *(2020: £143,000)*. Fee income is made up of management charges and set up fees relating to platform activity. £1,350,000 of the increase in year is due to the introduction of fees charged to a fellow Group undertaking for collection services provided by the Company under a new management services agreement but also reflects the growing volumes of business on the platform. Assets under administration (AUA) increased from £33.8 million to £40.2 million during the year. Interest income on deposit accounts has decreased to £5,000 *(2020: £23,000)*. The decrease is due to the interest rate cuts during the prior year which are now reflecting a full year at the lower rates.

Operating and administrative expenses have increased to £1,636,000 *(2020: £122,000)*. £1,350,000 of the rise is due to the costs relating to the collection services provided to a fellow group undertaking, with the remaining increase in costs due to expenses for expected credit losses charged during the year.

Loss after tax for the year is £104,000 *(2020: £44,000 profit)*.

Total equity has increased by £9,896,000 *(2020: increased by £44,000)*, reflecting the share capital injection of £10,000,000 less the loss for the year *(2020: profit for the year)*.

Section 172(1) statement and our stakeholders

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

s.172 sets out a series of matters to which the directors must have regard to in performing their duty to promote the success of the Company for the benefit of its shareholders, which includes having regard to other stakeholders. Where this statement draws upon information contained in other sections of the Strategic report, this is signposted accordingly.

Our Board considers it crucial that the Company maintains a reputation for high standards of business conduct. The Board is responsible for monitoring and upholding the culture, values, standards, ethics, and reputation of the Company to ensure that the Directors' obligations to our shareholder, customers and other stakeholders are met and Management drives the embedding of the desired culture throughout the organisation. The Board monitors adherence to our policies and compliance with local corporate governance requirements and is committed to acting where our businesses fall short of the standards we expect.

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

The Company's culture

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

Strategic report (continued)

Stakeholder Engagement

The table below sets out our approach to stakeholder engagement during 2021:

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. • We are committed to recruiting, training and retaining the best talent we can find. We are proud to have been a pioneer in some areas of employee benefits, including providing six months paid parental leave for all UK employees. • Our people share in the businesses' success as shareholders through membership of the Group's global share plans. • The Company supported the safety and well-being of staff through the provision of equipment to enable all employees to work from home through the Covid-19 pandemic as well as transitioning to a hybrid way of working in mid- 2021.
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, Aviva Life Holdings UK Limited, is supported by a Conduct Committee to enable it to monitor customer metrics, the Board can escalate any matter it feels necessary to the Aviva Life Holdings UK Limited Conduct Committee for further scrutiny. • The Board continues to monitor and review developments concerning changes to our IT platforms which will allow us to simplify and support service delivery to our customers.
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. • In the UK, Aviva is a signatory of the Prompt Payment Code which sets standards for high payment practices. We are a Living Wage employer in the UK, and our supplier contracts include a commitment to paying eligible employees not less than the Living Wage in respect of work provided at premises in the UK.

Strategic report (continued)

Stakeholders	Why are they important to Aviva?	What is our approach to engaging with them?
Communities	We recognise the importance of contributing to our communities through volunteering, community investment, and long-term partnerships. As a major insurance group we are fully engaged in building resilience against the global impact of climate change.	• Our Board supports the community activities of the Aviva Group including the wellbeing proposition for UK employees, the Aviva Communities to help drive greater diversity and inclusivity throughout the organisation and to support colleagues to volunteer in their communities. • 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, Aviva Investment Solutions UK Limited is committed to Aviva's long-term strategy to reach net zero by 2040.
Shareholders	Our retail and institutional shareholders are the ultimate owners of the Company.	• Our ultimate shareholder is Aviva plc and there is ongoing communication and engagement with the Aviva plc Board. 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.	• The Company has a programme of regular meetings between the Company's senior management and its compliance function and the FCA. The Company responds to requests for information when required, maintaining constructive and open relationships with the UK regulator.

Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva plc and these are shown in the Group 2021 Annual Report and Accounts. The Company will work with the Group to support the implementation of these strategies.

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

On 24 February 2022, on-going tensions between Russia and Ukraine developed into full-scale armed conflict between the two countries. The Company is monitoring and responding to this dynamic situation - note 14 gives more detail on this.

Principal risks and uncertainties

The principal 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 14 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:

Measure	2021 £'000	2020 £'000
Financial Performance Metrics		
Revenue	**1,507**	166
(Loss)/profit before tax	**(129)**	44
Operating expenses	**(1,636)**	(122)
Average assets under administration	**£37.1 million**	£31.1 million

By order of the Board on 14 April 2022

Aviva Company Secretarial Services Limited
Company Secretary

Directors' report

The directors submit their annual report and the audited financial statements for the Company for the year ended 31 December 2021.

Directors

The names of the current directors of the Company are shown on page 3.

Details of Board appointments and resignations during the year and since the year end are shown below:

P C P Tiernan	Resigned 26 February 2021
C M Wood	Appointed 7 May 2021
C A Dibbs	Resigned 7 July 2021
R Barker	Appointed 25 October 2021
M R McGill	Resigned 25 October 2021
E E Douglas	Appointed 27 October 2021
S E Robinson	Resigned 30 November 2021
J I Slider	Appointed 1 December 2021
M J Hogg	Appointed 14 December 2021

Company Secretary

The name of the company secretary of the Company is shown on page 3.

Dividends

The directors do not recommend a dividend on the Company's ordinary shares for the year ended 31 December 2021 *(2020: £nil)*.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report, which includes a section describing the principal risks and uncertainties. In addition, the financial statements include notes on the Company's management of its risks including market, credit and liquidity risk (note 14).

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

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.

Employees

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

Stakeholder engagement

Our statements summarising our employee engagement, and our engagement with suppliers, customers and our other stakeholders are included in our Strategic Report on pages 4-6.

Disclosure of information to the auditors

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

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 (PwC) was appointed for the first time for the 31 December 2012 financial year end and therefore a mandatory re-tender was required for the year ending 31 December 2022. The audit tender process was initiated during 2020 but, as previously reported, COVID-19 restrictions caused delays and Aviva sought a two-year extension from the FRC which was granted. Following a full and rigorous competitive tender process, which was overseen by the Aviva Life Holdings UK Limited Audit Committee, the selection of Ernst & Young LLP from the year ending 31 December 2024 was approved by the Aviva plc Board. PwC will continue in its role and, subject to reappointment by the Company's shareholders at the 2022 and 2023 Annual General Meetings, will undertake the audit for the financial years ending 31 December 2022 and 2023.

Directors' report (continued)

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 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 Annual Report and the financial statements in accordance with applicable law and regulation.

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

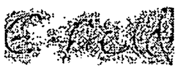
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- 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.

By order of the Board on 14 April 2022



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 2021 and of its loss 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 2021; the income statement, statement of changes in equity and statement of cash flows for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

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 2021 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 director's responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report to the members of Aviva Investment Solutions UK Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

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

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

- enquired of management and those charged with governance around actual and potential litigation and claims;
- enquired of management and those charged with governance to identify any instances of non-compliance with laws and regulations;
- reviewed minutes of meetings of those charged with governance;
- reviewed financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- performed testing over the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business where applicable.

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.

James Wilkinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
14 April 2022

Accounting policies

The Company, a private 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 preparation

The financial statements of the Company have been prepared and approved by the directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the legal requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

On 31 December 2020, IFRS as adopted by the EU at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted International Accounting Standards on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period as a result of the change in framework.

The financial statements have been prepared on the going concern basis as explained in the Directors' report on page 7.

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 2021. The amendments have been issued and endorsed by the EU and do not have a significant impact on the Company's financial statements.

(i) *Amendments to IFRS 16 leases: Covid-19 related rent concessions (published by the IASB in May 2020)*

(ii) *Interest Rate Benchmark Reform Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (published by the IASB in August 2020)*

Standards, interpretations and amendments to published standards that are not yet effective and have not been adopted early by the Company

(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 at each 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 impact of the adoption of IFRS 17 is not expected to have a significant impact on the Company's financial statements. Following amendments to the standard published in June 2020, it is now expected that the standard will apply to annual reporting periods beginning on or after 1 January 2023. The final standard remains subject to endorsement. Following departure from the EU and the end of the transition period in December 2020, the Company will be subject to IFRS as endorsed by the UK. The UK endorsement process has commenced and we expect it to complete in time for the 1 January 2023 effective date.

The following new standards and amendments to existing standards have been issued, are not yet effective and are not expected to have a significant impact on the Company's financial statements:

(ii) *Amendments to IFRS 16 Leases: COVID-19 Related Rent Concessions beyond 30 June 2021*
Published by the IASB in March 2021. The amendments are effective for annual reporting beginning on or after 1 April 2021 and have been endorsed by the UK.

(iii) *Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework*
Published by the IASB in May 2020. The amendments are effective for annual reporting beginning on or after 1 January 2022 and have been endorsed by the UK.

(iv) *Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use*
Published by the IASB in May 2020. The amendments are effective for annual reporting beginning on or after 1 January 2022 and have been endorsed by the UK.

(v) *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Costs of Fulfilling a Contract*
Published by the IASB in May 2020. The amendments are effective for annual reporting beginning on or after 1 January 2022 and have been endorsed by the UK.

(vi) *Annual Improvements to IFRSs 2018-2020 Cycle*
Published by the IASB in May 2020, these improvements consist of amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture. These amendments are effective for annual reporting beginning on or after 1 January 2022 and have been endorsed by the UK.

Accounting policies (continued)

(vii) *Amendments to IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies*
Published by the IASB in January 2020. The amendments are effective for annual reporting beginning on or after 1 January 2023 and have yet to be endorsed by the UK.

(viii) *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*
Published by the IASB in February 2021. The amendments are effective for annual reporting beginning on or after 1 January 2023 and have yet to be endorsed by the UK.

(ix) *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Published by the IASB in May 2021. The amendments are effective for annual reporting beginning on or after 1 January 2023 and have yet to be endorsed by the UK.

(x) *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 use of estimates

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. The table below sets out those items considered particularly susceptible to changes in estimates and assumptions, and the relevant accounting policy and note disclosures.

Item	Accounting policy	Note
Expected credit losses	D	6

(C) Revenue and interest receivable

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

(D) Receivables, payables and other financial liabilities

The classification and measurement of financial assets, including receivables, is driven by an assessment of the Company's business model for managing financial assets, and the extent to which the financial assets' contractual cash flows are solely payment of principal and interest. Based on the outcome of this assessment, receivables are initially recognised at the transaction price, with subsequent measurement being at amortised cost.

The Company calculates expected credit losses for all financial assets held at either amortised cost or fair value through other comprehensive income. Expected credit losses are generally calculated on either a 12-month or lifetime basis depending on the extent to which credit risk has increased significantly since initial recognition. The Company makes use of a simplified approach for trade receivables such that expected credit losses are always calculated on a lifetime basis.

Payables and other financial liabilities are initially recognised at their fair value, with subsequent measurement being at amortised cost.

(E) Cash and cash equivalents

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

Accounting policies (continued)

(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.

Income statement

For the year ended 31 December 2021

	Note(s)	2021 £'000	2020 £'000
Income			
Revenue	C & 1	**1,502**	143
Interest receivable and similar income	C	**5**	23
		1,507	166
Expenses			
Operating expenses	2	**(1,636)**	(122)
		(1,636)	(122)
(Loss)/profit before tax		**(129)**	44
Tax credit	F & 5	**25**	—
(Loss)/profit for the year		**(104)**	44

The Company has no other comprehensive income *(2020: nil)*.

The accounting policies (identified alphabetically) on pages 11 to 13 and notes (identified numerically) on pages 18 to 24 are an integral part of the financial statements.

Statement of changes in equity

For the year ended 31 December 2021

				2021
		Ordinary share capital	Accumulated losses	Total equity
	Note(s)	£'000	£'000	£'000
Balance at 1 January		**31,500**	**18**	**31,518**
Loss for the year	**9**	**—**	**(104)**	**(104)**
Issue of share capital	**8**	**10,000**	**—**	**10,000**
Balance at 31 December		**41,500**	**(86)**	**41,414**

				2020
		Ordinary share capital	Accumulated losses	Total equity
	Note(s)	£'000	£'000	£'000
Balance at 1 January		31,500	(26)	31,474
Profit for the year	**9**	—	44	44
Balance at 31 December		31,500	18	31,518

The accounting policies (identified alphabetically) on pages 11 to 13 and notes (identified numerically) on pages 18 to 24 are an integral part of the financial statements.

Statement of financial position

As at 31 December 2021

	Note(s)	2021 £'000	2020 £'000
Assets			
Tax assets	F & 10	**25**	—
Receivables	D & 6	**3,152**	3,787
Prepayments and accrued income	D & 7	**5**	4
Cash and cash equivalents	E & 12	**39,605**	27,733
Total assets		**42,787**	31,524
Equity			
Ordinary share capital	G & 8	**41,500**	31,500
Accumulated losses	9	**(86)**	18
Total equity		**41,414**	31,518
Liabilities			
Payables and other financial liabilities	D & 11	**1,373**	6
Total liabilities		**1,373**	6
Total equity and liabilities		**42,787**	31,524

The financial statements were approved by the Board of Directors on 14 April 2022 and signed on its behalf by

Jasmin Slider

J I Slider

Director

The accounting policies (identified alphabetically) on pages 11 to 13 and notes (identified numerically) on pages 18 to 24 are an integral part of the financial statements.

Statement of cash flows

For the year ended 31 December 2021

	Note(s)	2021 £'000	2020 £'000
Cash flows generated from operating activities			
Cash generated from operating activities	12a	**1,872**	375
Total net cash generated from operating activities		**1,872**	375
Cash flows generated from financing activities			
Proceeds from issue of ordinary shares	8	**10,000**	—
Total net cash generated from financing activities		**10,000**	—
Total net increase in cash and cash equivalents		**11,872**	375
Cash and cash equivalents at 1 January		**27,733**	27,358
Cash and cash equivalents at 31 December	12b	**39,605**	27,733

The accounting policies (identified alphabetically) on pages 11 to 13 and notes (identified numerically) on pages 18 to 24 are an integral part of the financial statements.

Notes to the financial statements

1. Revenue

Under management agreements, the Company supplies collection services to fellow group undertakings Aviva Life and Pensions UK Limited (UKLAP) and Aviva Pension Trustees UK Limited (UKPTL). The amount of these recharges were £46,000 *(2020: £31,000)* for UKLAP and £1,350,000 *(2020: £nil)* for UKPTL.

	2021 £'000	2020 £'000
Annual management charges	**106**	112
Income from collection services	**1,396**	31
Total revenue	**1,502**	143

2. Operating expenses

Under a management agreement, Aviva Life Services UK Limited (UKLS) supplies and makes charges for the provision of operational assets and services to the Company. The agreement specifies the amounts payable to UKLS in respect of these expenses, which are included within operating expenses. The amount of this recharge is £1,380,000 *(2020: £30,000)*.The increase of £1,350,000 in 2021 being due to the new management services agreement which charges costs associated with collection services to the Company.

	2021 £'000	2020 £'000
UKLS recharges (operating)	**1,380**	30
Other operating expenses	**256**	92
Total operating expenses	**1,636**	122

3. Directors' remuneration

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 (PwC) is as follows:

	2021 £'000	2020 £'000
Fees payable to PwC LLP for the statutory audit of the Company's financial statements	**13**	14

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 and audit related assurance services of the Company and other Group undertakings 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 credit

(a) Tax credited to the income statement

(i) The total tax credit comprises:

	2021 £'000	2020 £'000
Current tax		
For this year	**25**	—
Total tax credited to the income statement	**25**	—

Notes to the financial statements (continued)

(b) Tax reconciliation

The tax on the Company's (loss)/profit before tax is the same as *(2020: differs from)* the theoretical amount that would arise using the tax rate in the United Kingdom as follows:

	2021 £'000	2020 £'000
Total (loss)/profit before tax	**(129)**	44
Tax calculated at standard UK corporation tax rate of 19% *(2020: 19%)*	**25**	(8)
Losses surrendered intra-group for nil value	**—**	8
Total tax credited to the income statement	**25**	—

During 2021 the UK Government enacted an increase in the UK corporation tax rate to 25%, from 1 April 2023.

During 2020 the reduction in the UK corporation tax rate that was due to take effect was cancelled, and as a result, the rate remained at 19%.

As the Company has no deferred tax assets or liabilities at the year end, there is no impact on the Company's net assets as a consequence of the amendments in the tax rates.

6. Receivables

	2021 £'000	2020 £'000
Amounts due from group undertaking	**1,354**	30
Trade receivables	**2,015**	3,798
Lifetime expected credit losses	**(217)**	(41)
Total as at 31 December	**3,152**	3,787
Expected to be recovered in less than one year	**3,152**	3,787
Expected to be recovered in more than one year	**—**	—
	3,152	3,787

All receivables held at the period end are measured at amortised cost. Further details relating to lifetime expected credit losses can be found in note 14b. The carrying amount in the financial statements is deemed to be a reasonable approximation of the fair value.

7. Prepayments and accrued income

	2021 £'000	2020 £'000
Expected to be recovered in less than one year	**5**	4
Expected to be recovered in more than one year	**—**	—
	5	4

8. Ordinary share capital

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

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
41,500,001 *(2020: 31,500,001)* ordinary shares of £1 each	**41,500**	31,500

On 13 October 2021, 10 million ordinary shares of £1 each were allotted and issued by the Company.

Notes to the financial statements (continued)

	2021 Number of shares	2021 Share capital £'000	2020 Number of shares	2020 Share capital £'000
At 1 January	**31,500,001**	**31,500**	31,500,001	31,500
New shares issued	**10,000,000**	**10,000**	—	—
At 31 December	**41,500,001**	**41,500**	31,500,001	31,500

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

	2021 £'000	2020 £'000
Balance at 1 January	**18**	(26)
(Loss)/profit for the year	**(104)**	44
Balance at 31 December	**(86)**	18

The Company is required to hold sufficient capital to meet acceptable solvency levels based on rules applicable to regulated companies 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 local regulatory capital.

10. Tax assets

(a) Current tax

Current tax assets recoverable in more than one year are £25,000 *(2020: £nil)*.

(b) Deferred tax

The Company did not have any recognised or unrecognised deferred tax balances in either 2021 or 2020.

11. Payables and other financial liabilities

	2021 £'000	2020 £'000
Amounts owed to group undertakings	**1,366**	1
Other creditors including taxation and social security	**7**	5
Total as at 31 December	**1,373**	6
Expected to be settled within one year	**1,373**	6
Expected to be settled in more than one year	**—**	—
	1,373	6

Notes to the financial statements (continued)

12. Statement of cash flows

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

	2021 £'000	2020 £'000
(Loss)/profit before tax	**(129)**	44
Changes in working capital:		
Decrease in receivables	**635**	334
Increase in prepayments and accruals	**(1)**	(4)
Increase in payables and other financial liabilities	**1,367**	1
Total cash generated from operating activities	**1,872**	375

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

	2021 £'000	2020 £'000
Cash at bank and in hand	**39,605**	27,733

13. Capital structure

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

(a) General

IFRS underpins the Company's capital structure and accordingly the capital structure is analysed on this basis. The Company measures its capital requirements under the IFPRU (Prudential Sourcebook for Investment Firms) rulebook.

(b) Capital Management

In managing its capital, the Company seeks to:

i. match the profile of its assets and liabilities, taking account of the risks inherent in the business;

ii. maintain financial strength to support new business growth and satisfy the requirements of its policyholders and regulators;

iii. retain financial flexibility by maintaining strong liquidity; and

iv. allocate capital efficiently to support growth and repatriate excess capital where appropriate.

(c) Different measures of capital

The Company measures its capital on a number of different bases. These include measures which comply with the regulatory regime within which the Company operates and those which the directors consider appropriate for the management of the business. The measures which the Company uses are:

a. Accounting basis

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

b. Regulatory basis

Relevant capital and solvency regulations are used to measure and report the Company's financial strength. These measures are based on the Company being authorised and regulated by the Financial Conduct Authority (FCA) as an IFPRU (Prudential Sourcebook for Investment Firms) limited license firm. The Company fully complied with the relevant regulatory requirements during the year.

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 reconciliation below is between total IFRS funds and total own funds under IFPRU.

Notes to the financial statements (continued)

	2021	2020
	£'000	£'000
Total equity and available capital resources	**41,414**	31,518

From 1 January 2022, the Company will be authorised and regulated by the Financial Conduct Authority (FCA) as a MIFIDPRU non-SNI (small and interconnected firm) and will be required to comply with the new rules as set out in MIFIDPRU and the ICAAP will be replaced by the Internal Capital Adequacy and Risk Assessment process ('ICARA') under the new rules.

14. Risk management

(a) Risk management framework

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

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

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

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

The Risk Appetite Framework was refreshed during the year, with revised and new risk appetites, preferences and tolerances considered and approved by the Board Risk Committee. Climate Risk was integrated and defined within the risk appetite framework to be incorporated into risk-based decision-making.

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

Risk models are an important tool in the measurement of risks 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.

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

Board oversight of risk and risk management across the Company 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 the business is willing to take.

(b) Credit risk

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

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

A financial asset is considered to be in default where contractual payments are past due, or there is objective evidence that the counterparty will be unable to subsequently meet their payment obligations. A financial asset is written off only when all other available measures have been taken to recover amounts due.

Where external credit ratings are available for financial assets, a significant increase in the credit risk of a financial asset is identified where there has been a significant deterioration in the respective credit rating. All financial assets at the reporting date are unrated.

Expected credit losses on material trade receivables and other assets are calculated with reference to the Company's historical experience of losses, along with an analysis of payment terms. The Company makes use of the simplified approach when calculating expected credit losses on trade receivables which don't include a significant financing component, and therefore calculates expected credit losses over the lifetime of the instrument in question. Expected credit losses have been calculated using a provision matrix where recoverability has been assessed against the age of the receivable.

Notes to the financial statements (continued)

The following table sets out expected credit losses recognised in the year:

	Expected credit losses relating to trade receivables recognised in year
	£'000
Opening expected credit losses	41
Provided during the reporting period	176
Closing expected credit losses	217

(c) 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.

(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) Conflict in Ukraine

As a result of the escalation in the conflict on 24 February 2022, the UK Life crisis management framework was invoked with meetings of the Crisis Action Leadership Team in order to assess the business response, provide strategic direction and manage communications. The Company does not conduct operations in the affected region, and does not have material direct investment holdings there.

The Company regularly carries out a range of stress and scenario tests to evaluate their impact on the business and the management actions available to respond to adverse conditions. The capital position of the Company is monitored on an ongoing basis and the Company continues to maintain strong solvency levels and expects to continue to meet its solvency capital requirements.

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.

(a) Services provided to related parties

	2021		2020	
	Income earned in year	Receivable at year end	Income earned in year	Receivable at year end
	£'000	£'000	£'000	£'000
Fellow group undertakings	1,396	1,354	31	30

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 *(2020: £nil)*.

On 15 July 2021, the Company entered into a new management services agreement to recharge the costs associated with collection services provided by the Company to a fellow Group undertaking.

(b) Services provided by related parties

Under a management agreement, UKLS supplies and makes charges for the provision of operational assets and staff to the Company. The agreement specifies the amounts payable to UKLS in respect of these expenses, which were £1,380,000 *(2020: £30,000)*.

Other amounts payable at year end are due to the following:

	2021		2020	
	Expense incurred in year	Payable at year end	Expense incurred in year	Payable at year end
	£'000	£'000	£'000	£'000
Fellow group undertakings	1,380	1,366	30	1

The related party payables are not secured and no guarantees were issued in respect thereof. Other relevant related party expense disclosures are shown in note 1.

Notes to the financial statements (continued)

(c) Key management compensation

Key management personnel are remunerated by Aviva Employment Services Limited, a fellow subsidiary of the ultimate parent company, Aviva plc. They act as key management for a number of fellow subsidiary undertakings and their remuneration is recharged, under management service agreements, across a number of operating divisions of the Aviva Group. Key management were not primarily remunerated for their services to the Company. Accordingly, no costs are disclosed in respect of these employees.

(d) Parent entity

The immediate parent undertaking is Aviva Life Holdings UK Limited, registered in England.

(e) Ultimate controlling entity

The ultimate controlling entity, and parent of the largest and smallest groups which consolidate the results of the Company, is Aviva plc. Its Group Financial Statements are available on application to the Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London EC3P 3DQ, and on the Aviva plc website at www.aviva.com.