Aviva Administration Limited

Directors and Officers

Directors

A J Darlington
R J Priestley
D F S Rogers

Officer - Company Secretary

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

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Registered Office

Pixham End
Dorking
Surrey
RH4 1QA

Company Number

Registered in England and Wales: No. 03424940

Other Information

Aviva Administration Limited ("the Company") is authorised and regulated by the Financial Conduct Authority ("FCA")

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

Contents

The directors present their strategic report for the Company for the year ended 31 December 2019.

Principal activity

The Company is a wholly owned subsidiary of Aviva Life Services UK Limited (UKLS) and is incorporated in the United Kingdom (UK).

The principal activity of the Company was the provision of marketing and administration services to the Aviva UK Life group. The renegotiation of Management Service Agreements (MSAs) has provided an opportunity to rationalise the UK service company charging structure. From 1 January 2019, all administration and distribution services to the UK Life funds are now provided through UKLS only; extant contracts and agreements for the provision of such services have therefore passed from the Company to UKLS, with no further expenses or recharges being made to or from the Company for these services.

The Company receives commission income from product providers for regulated sales and makes commission payments in respect of regulated sales.

Financial position and performance

The Company has generating a post-tax profit of £3,417,000 in 2019 *(2018: £1,859,000 profit).*

Total equity and profit for the year are detailed in the key performance indicators section set out below.

Subsequent to the renegotiation of the MSAs, the revenue of the Company is now principally driven by orphaned commission income deriving from its activities in receiving and paying commission on behalf of product providers, and fees charged to SIPP clients.

The revenue of the Company was previously principally derived from fees charged to the companies to which marketing and administration services were provided. In 2018, revenue included project costs of £31.2 million charged to entities for which the Company formerly provided administration services.

Subsequent to the renegotiation of the MSAs, operating expenses are now predominantly outwards commission expenses relating to its activities in receiving and paying commission on behalf of product providers. Previously, the operating expenses of the Company comprised staff costs, premises and IT infrastructure costs, sales and marketing costs and new product development costs.

Key performance indicators (KPIs)

	2019 **£'000**	2018 £'000 restated
Revenue	**794**	139,127
Operating expenses	**(450)**	(138,525)
Profit for the year	**3,417**	1,859
Total equity	**38,939**	35,522

Revenue is 99.4% lower than 2018 as a result of the decrease in expense charges during 2019 due to the implementation of the revised MSAs.

As at 31 December 2019, the Company remains well capitalised with capital and reserves of £38.9 million *(2018: £35.5 million).*

Section 172 (1) statement

The Directors report here how they have discharged their duties under Section 172 (1) of the Companies Act 2006 and during 2019.

The Board is responsible for monitoring and upholding the culture, values, standards, ethics, and reputation of the Company to ensure that its obligations to its shareholder and to its stakeholders are met.

The Board monitors adherence to the Aviva Group business standards and compliance with the Aviva Governance Framework. The Company, as a wholly owned subsidiary of Aviva plc Group, is managed as part of its UK Life business.

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

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

The Company's culture

As the provider of vital financial services to many customers, the Company seeks to earn customers’ trust by acting with integrity and responsibility at all times. The Company looks to build relationships with all stakeholders based on openness and continuing dialogue.

The Company’s culture is shaped by clearly defined values to help ensure it operates appropriately and does the right thing. The Company values diversity and inclusivity in our workforce and beyond. The commitment we make to each customer extends to all our stakeholders; that we are ‘with you today, for a better tomorrow.’ Throughout the Company's business, the Board is proud of the Company's people who live by Aviva’s core value of 'Care More' for our customers for each other and for the communities they serve.

Key strategic decisions in 2019

Following the split of the UKI business into separate UK Life and Pensions and General Insurance businesses, and the appointment of Angela Darlington as the UK Life CEO, and the appointment of Lindsey Rix as the UK Savings and Retirement CEO, the Board has aligned its strategic focus with that of Aviva Group, to develop Savings and Retirement as a core growth opportunity for the Life business, supporting customers to save for the future, navigate their retirement and to protect what’s most important to them.

Stakeholder Engagement

(i) Employees

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.

Aviva Group engagement mechanisms include employee forums, internal communication channels, and informal meetings with Directors and employee engagement surveys.

A comprehensive global employee engagement survey is carried out each year, and the results are considered by the Board in the context of culture, values and behaviours and actions to continually improve the scores are discussed and agreed.

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

(ii) Customers

During 2019, the Board, in conjunction with Aviva plc, has renewed its focus on Aviva as a trusted long-term partner for our customers helping them to save for the future, navigate retirement and protect where it matters most.

The Board closely monitors customer metrics and engages with the leadership team to understand the issues if business performance does not meet customers' expectations.

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.

The Board receives reporting on strategic initiatives throughout the year, undertaking deep dives into areas that impact the customer in order to re-align strategy where applicable.

The Board regularly receives input to enable it to closely monitor customer metrics, and subsequently engage with the senior leaders to address any issues that may arise from customer complaints, feedback and our approach to Treating the Customer Fairly.

The Board works to ensure that we deliver fair value to our customers, and is currently reviewing a number of product governance issues and making redress to affected customer where appropriate.

(iii) Suppliers

All supplier related activity is managed in line with the Group Procurement & Outsourcing Business Standard. This ensures that supply risk is managed appropriately including in relation to customer outcomes, data security, corporate responsibility, financial, operational, contractual, and brand damage caused by inadequate oversight or supplier failure.

The Board reviews the actions the Company has taken to prevent modern slavery and associated practices in any part of our supply chain and approves Aviva's Modern Slavery Act statement each year.

In the UK, the ultimate parent Aviva plc is a signatory of the Prompt Payment Code which sets standards for high payment practices. Aviva is a Living Wage employer in the UK, and supplier contracts include a commitment to paying eligible employees not less than the Living Wage in respect of work provided to Aviva at our premises in the UK.

The Company's directors are closely involved in the management of the most critical or important suppliers and the Board regularly reviews reports on their performance. During the year, Aviva successfully progressed a UK migration to a new data centre infrastructure provider, including partial migration to the Cloud.

(iv) Communities

Aviva runs a health and wellbeing proposition for UK employees, Wellbeing@Aviva, providing products, improved policies and better support to enhance employees mental, physical, community & financial welling. This has led to Aviva's people creating of a number of internal communities to enable colleagues connect over activities they are passionate about.

The UK Life business supports a number of local issues, including the charity 'York Cares' which pursues any charitable purpose for the benefit of the people for the City of York. Aviva received an award recently from York Cares at the annual recognition event for the social connection work by Aviva staff with the dementia ward at York hospital.

Aviva Group actively encourages and supports colleagues to volunteer in their communities, to make a positive impact and help build stronger communities.

(v) Shareholders

The Company's ultimate shareholder is Aviva plc and its immediate shareholder is Aviva Life Services UK Limited. Any matters requiring escalation are escalated by the Board through the Chairman to its parent. Additionally, members of the Aviva plc board can attend board meetings by invitation.

(vi) Regulators

During early 2019, a review of the UK operating model concluded that the most effective structure was to split the UK Insurance business to a UK Life and Pensions business, and a General Insurance business. The Financial Conduct Authority (FCA) was engaged throughout the decision-making process and as the organisation design was implemented.

Future outlook

The Board has approved the transfer into the Company of Aviva Financial Adviser business from Aviva Life Services UK Limited. This is waiting for regulatory approvals in order for the transfer to take place.

Principal risks and uncertainties

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

The Company uses a number of metrics to identify, measure, manage, monitor and report risks and a fuller explanation of these risks, other than operational risk, may be found in note 16 to the financial statements.

On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the UK as well as causing increased volatility and declines in financial markets. If the pandemic is prolonged, or further diseases emerge that give rise to similar effects, the adverse impact on the UK economy could be deepened and result in further declines in financial markets.

Since the onset of the pandemic the Company has remained operational, with key activities such as cash payments and transaction processing being maintained, IT systems remaining operational, and employees including frontline customer facing staff being supported to ensure that that we were there to support our customers when they need us most. As the situation is rapidly evolving it is not practicable to quantify the potential impact of volatile financial markets on expected earnings or the Company at this stage. The company continues to maintain strong solvency levels and expects to continue to meet its capital requirements.

Approved by the Board on 3 August 2020 and signed on its behalf by:

Aviva Company Secretarial Services Limited
Company Secretary

The directors present their annual report and audited financial statements for the Company for the year ended 31 December 2019.

Directors

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

A D Briggs resigned as a director of the Company on 24 April 2019.

A J Darlington was appointed as a director of the Company on 7 August 2019.

J M Windsor resigned as a director of the Company on 10 October 2019. D F S Rogers was appointed as a director of the Company on the same date.

R J Priestley was appointed as a director of the Company on 24 March 2020.

Dividends

No dividend was paid for the financial year ended 31 December 2019 (2018: £30 million).

Major events

A renegotiation of MSAs came into effect on 1 January 2019. Details are discussed in the Principal activity section of the Strategic Report in page 3.

Statement of going concern

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

Future developments

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

Financial risk management

Details of financial risk management are discussed in the principal risks and uncertainties section of the Strategic Report on page 4 and note 16 to the financial statements.

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 and 5.

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.

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

Independent auditors

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

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.

These qualifying third-party indemnity provisions were extended to the directors of the Company following acquisition.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and audited 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 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

By order of the Board

Aviva Company Secretarial Services Limited
Company Secretary *3 August 2020*

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Administration Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 the audited financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the income statement, the statement of comprehensive income, 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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.

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.

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 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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.

Sean Forster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

3 August 2020

The Company, a limited company incorporated and domiciled in the United Kingdom (UK), was established to provide marketing and administration services to the Aviva UK Life group. Following a renegotiation of Management Service Agreements (MSAs), from 1 January 2019, all administration and distribution services to the UK Life funds are now provided through a fellow group undertaking, with no further expenses or recharges being made to or from the Company for these services. 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 2018 financial statements have accordingly been restated to comply with EU-adopted IFRS, with the date of transition to IFRS being 1 January 2018. 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 2019:

(i) IFRS 16 Leases
In January 2016, the IASB published IFRS 16 Leases. This standard replaces IAS 17 Leases and applies to annual reporting periods beginning on or after 1 January 2019. The standard has been endorsed by the EU. IFRS 16 has introduced a definition of a lease with a single lessee accounting model, eliminating the previous classification of either operating or finance leases. Lessees are required to recognise lease assets and liabilities on the statement of financial position for all leases, with the exception of short-term and low-value leases. Lessor accounting remains similar to the previous approach set out in IAS 17.

The adoption of IFRS16 is not expected to have a significant impact on the Company.

The following amendments to existing standards and IFRIC interpretations have been issued and endorsed by the EU, are effective from 1 January 2019 or earlier, and do not have a significant impact on the Company’s financial statements.

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

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

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

(i) 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 adoption of IFRS 17 is not expected to have a significant impact on the Company's financial statements. It is expected that the standard will apply to annual reporting periods beginning on or after 1 January 2022 and this standard has not yet been endorsed by the EU.

(ii) 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.

(iii) 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.

(iv) Amendment to IAS 1 and IAS 8: Definition of material
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.

(v) Interest Rate Benchmark Reform

Published by the IASB in October 2019. The amendments are effective for annual reporting beginning on or after 1 January 2020 and have not yet been endorsed by the EU.

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

Published by the IASB in January 2020. The amendments are effective for annual reporting beginning on or after 1 January 2022 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 particularly susceptible to changes in estimates and assumptions.

(C) Revenue

Revenue principally represents commission earned in the year, which is recognised on an accruals basis. It also includes fees charged to clients for SIPP business, also recognised on an accruals basis.

(D) Net investment income

Net investment income consists of interest receivable, accounted for on an accruals basis.

(E) Loans

Loans are included at amortised cost using the effective interest rate method.

At each reporting date, loans carried at amortised cost are reviewed for objective evidence that they are impaired and uncollectable, either at the level of an individual security or collectively within a group of loans with similar credit risk characteristics.

To the extent that a loan is uncollectible, it is written down as impaired to its recoverable amount, measured as the present value of expected future cash flows discounted at the original effective interest rate of the loan, including any collateral receivable. Subsequent recoveries in excess of the loan's written down carrying value are credited to the income statement.

(F) 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.

(G) Statement of cash flows

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

(H) Provisions

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

Restructuring provisions comprise lease termination penalties and employee termination payments. They include only the direct expenditures arising from the restructuring, which are those that are necessarily entailed by the restructuring; and not associated with the ongoing activities of the entity. The amount recorded as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the effect of the time value of money is material, the provision is the present value of the expected expenditure.

(I) Income taxes

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

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

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

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

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

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

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.

(J) 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 Administration Limited
Income statement
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Income			
Revenue	C	**794**	139,127
Net investment income	D	**46**	100
		840	139,227
Expenses			
Write off of liabilities		**1,109**	-
Operating expenses	3	**(450)**	(138,525)
Profit before tax		**1,499**	702
Tax credit	I & 6	**1,918**	1,157
Profit for the financial year		**3,417**	1,859

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

The Company has no other comprehensive income.

The accounting policies (identified alphabetically) on pages 12 to 15 and the notes (identified numerically) on pages 20 to 28 are an integral part of these financial statement

Aviva Administration Limited
Statement of financial position
As at 31 December 2019

	Note	2019 £'000	31 Dec 2018 £'000 restated*	1 Jan 2018 £'000 restated*
Assets				
Loans to group undertakings	E & 7	**-**	10,000	10,000
Receivables	F & 8	**37,637**	28,259	68,543
Tax assets		**530**	-	-
Deferred tax assets	I & 11(b)	**1,692**	2,041	2,963
Cash and cash equivalents	G & 14	**8,708**	23,418	20,477
Total assets		**48,567**	63,718	101,983
Equity				
Ordinary share capital	J & 9	**6,013**	6,013	926,013
Retained earnings/(accumulated losses)	10	**32,926**	29,509	(862,350)
Total equity		**38,939**	35,522	63,663
Liabilities				
Provisions	H & 12	**105**	546	384
Tax liabilities	I & 11	**-**	696	693
Payables and other financial liabilities	F & 13	**9,523**	26,954	37,243
Total liabilities		**9,628**	28,196	38,320
Total equity and liabilities		**48,567**	63,718	101,983

* Refer to Note 2 for details of restatement

The financial statements were authorised for issue by the Board of directors on 3 August 2020 and were signed on its behalf:

R J Priestley *Director*

The accounting policies (identified alphabetically) on pages 12 to 15 and the notes (identified numerically) on pages 20 to 28 are an integral part of these financial statements.

Aviva Administration Limited
Statement of changes in equity
For the year ended 31 December 2019

	Note	Ordinary share capital £'000	(Accumulated losses)/Retained earnings £'000	Total equity £'000
Balance at 1 January 2018 (restated)		926,013	(862,350)	63,663
Profit for the year	10	-	1,859	1,859
Dividends	10	-	(30,000)	(30,000)
Capital reduction	J & 9	(920,000)	920,000	-
Balance at 31 December 2018 (restated)		**6,013**	**29,509**	**35,522**
Profit for the year	10	-	3,417	3,417
Balance at 31 December 2019		**6,013**	**32,926**	**38,939**

The accounting policies (identified alphabetically) on pages 12 to 15 and the notes (identified numerically) on pages 20 to 28 are an integral part of these financial statements.

Aviva Administration Limited
Statement of cash flows
For the year ended 31 December 2019

	Note	**2019**	2018
		£'000	£'000
Cash flows from operating activities			
Cash (used in)/generated from operations	14(a)	**(24,710)**	32,941
Net cash (used in)/generated from operating activities		**(24,710)**	**32,941**
Cash flows from financing activities			
Dividends paid		**-**	(30,000)
Repayment of group loan		**10,000**	-
Net cash generated from/(used in) financing activities		**10,000**	(30,000)
Net (decrease)/increase in cash and cash equivalents		**(14,710)**	2,941
Cash and cash equivalents at 1 January		**23,418**	20,477
Cash and cash equivalents at 31 December	14(b)	**8,708**	23,418

The accounting policies (identified alphabetically) on pages 12 to 15 and the notes (identified numerically) on pages 20 to 28 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 2019. In order to show comparative balances, the year ended 31 December 2018 is also shown under IFRS. The date of transition to IFRS is therefore 1 January 2018.

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 18) which are disclosed for the first time in 2018.

2. Prior period restatement

Following a review, the Company has been deemed not to be liable for the defined benefit pension scheme previously reported in the statement of financial position and the corresponding comparative amounts in the Company's financial statements have been restated. The impact of this change on the Company's statement of comprehensive income is as follows:

	31 December 2018		
	As reported £000	**Effect of change £000**	**Restated £000**
Total comprehensive income	1,919	(60)	1,859
Effect analysed as:			
Actuarial gain recognised in the pension scheme	72	(72)	-
Deferred tax charge arising on pension scheme gain	(12)	12	-

The impact of this change on the statement of financial position is as follows:

	1 January 2018			31 December 2018		
	As reported £000	**Effect of changes £000**	**Restated £000**	**As reported £000**	**Effect of changes £000**	**Restated £000**
Total assets	**102,208**	**(225)**	**101,983**	**63,931**	**(213)**	**63,718**
Effect analysed as						
Deferred tax assets	3,188	(225)	2,963	2,254	(213)	2,041
Total equity and liabilities	**102,208**	**(225)**	**101,983**	**63,931**	**(213)**	**63,718**
Total liabilities	**39,645**	**(1,325)**	**38,320**	**29,449**	**(1,253)**	**28,196**
Effect analysed as:						
Pension liability	1,325	(1,325)	-	1,253	(1,253)	-
Total equity	**62,563**	**1,100**	**63,663**	**34,482**	**1,040**	**35,522**
Effect analysed as:						
Retained earnings	(863,450)	1,100	(862,350)	28,469	1,040	29,509

The Company's income for 2018 following restatement is presented entirely through the income statement so a statement of comprehensive income has not been presented.

Following the work done in relation to the first time adoption of IFRS, the loan to group undertakings of £10 million was reclassified in the statement of financial position at 31 December 2018. This was previously included as a net amount in payables and other financial liabilities: amounts due to group undertakings. The loan was repaid in full during 2019.

3. Operating expenses

Under a management agreement Aviva Life Services UK Limited, the Company's parent, previously supplied and made charges for the provision of operational assets and services to the Company. The agreement specified the amounts payable in respect of these services.

4. 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. Their total emoluments are disclosed in the financial statements of Aviva Life and Pensions UK Limited.

5. 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:

	2019	2018
	£'000	£'000
Fees payable for the audit of the Company's financial statements	**32**	31

The Company is exempt under SI 2008/489 from the obligation to disclose fees in respect of 'other services' as the Company is a subsidiary of Aviva plc which prepares consolidated financial statements. Fees paid to the Company's auditors, PricewaterhouseCoopers LLP and its associates for services other than the statutory audit of the Company and other Group undertakings are disclosed in the consolidated financial statements of Aviva plc. Audit fees are payable by Aviva Central Services UK Limited, a fellow group company, and recharged as appropriate to the Company and fellow Group companies.

6. Tax credit

(a) Tax credited to the income statement

(i) The total tax credit comprises:

	2019	2018
Current tax	**£'000**	£'000
For this year	**189**	341
Prior period adjustments	**2,078**	1,738
Total current tax	**2,267**	2,079
Deferred tax		
Origination and reversal of temporary differences	**(349)**	(424)
Prior period adjustments	**-**	(498)
Total deferred tax	**(349)**	(922)

Total tax credited to the income statement	**1,918**	1,157

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

	2019	2018
	£'000	£'000
Accelerated capital allowances	**(349)**	(922)
Total deferred tax charged to the income statement	**(349)**	(922)

(b) Tax reconciliation

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

	2019	2018
	£'000	£'000
Total profit before tax	**1,499**	702
Tax calculated at standard UK corporation tax rate of 19% *(2018: 19%)*	**(285)**	(133)
Adjustment to tax charged in respect of prior years	**2,078**	1,240
Non taxable income	**81**	-
Change in future statutory tax rate	**41**	50
Total tax credit to income statement	**1,918**	1,157

Finance Act 2016 introduced legislation reducing the UK corporation tax rate from 1 April 2020 to 17%. This reduced rate was used in the calculation of the Company's deferred tax assets and liabilities as at 31 December 2019. In the Budget of 11 March 2020 the UK Government reversed this rate reduction, announcing that the UK corporation tax rate will remain at 19% from 1 April 2020 and this was substantively enacted on 17 March 2020.

As of 31 December 2019, this measure had not been substantively enacted and therefore no impact is reflected in the calculation of the Company's deferred tax assets and liabilities as at 31 December 2019. This measure would increase the Company's deferred tax liability by approximately £199 thousand.

7. Loans to group undertakings

Carrying amounts:	**2019**	2018
	£'000	£'000
Loans to group undertakings	**-**	10,000

On 23 December 2019, the loan receivable from the parent company UKLS was repaid in full.

Of the above total £nil (*2018: £nil)* is expected to be recovered more than one year after the statement of financial position date.

8. Receivables

	2019	2018
	£'000	£'000
Trade receivables	**502**	604
Amounts owed by group undertakings	**32,921**	26,321
Other receivables	**4,214**	1,334
	37,637	28,259

Of the above total £nil *(2018: £nil)* is expected to be recovered more than one year after the statement of financial position date.

9. Ordinary share capital

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

	2019	2018
	£'000	£'000
The allotted, called up and fully paid share capital of the Company was:		
6,012,502 ordinary shares of £1 each *(2018: 6,012,502)*	**6,013**	6,013

On 4 December 2018, the Company resolved to reduce its issued share capital from £926,012,502 to £6,012,502 by cancelling and extinguishing in full 919,987,500 ordinary shares of £1 each and 49,998 ordinary shares of £1 each, partly paid at 25 pence.

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.

10. Retained earnings

	2019	2018
	£'000	£'000 restated
Balance at 1 January	**29,509**	(862,350)
Profit for the year	**3,417**	1,859
Dividend	**-**	(30,000)
Capital reduction	**-**	920,000
Balance at 31 December	**32,926**	29,509

11. Tax assets and liabilities

(a) General tax

The current tax asset of £0.5 million includes £0.2 million *(2018: £0.3 million)* which is recoverable in more than one year.

(b) Deferred tax asset

(i) The balance at 31 December 2019 comprises:

	2019	2018
	£'000	£'000 restated
Deferred tax assets	**1,692**	2,041
Net deferred tax	**1,692**	2,041

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

	2019 £'000	2018 £'000 restated
Accelerated capital allowances	**1,692**	2,041
Net deferred tax	**1,692**	2,041

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

	2019 £'000	2018 £'000 restated
Net deferred tax asset at 1 January	**2,041**	2,963
Amounts charged to income statement	**(349)**	(922)
Net deferred tax asset at 31 December	**1,692**	2,041

12. Provisions

	2019 £'000	2018 £'000
Balance at 1 January	**546**	384
Provided in the year	**5**	320
Amounts utilised	**(164)**	-
Amounts released	**(282)**	(158)
Balance at 31 December	**105**	546

13. Payables and other financial liabilities

	2019 £'000	2018 £'000
Amounts owed to group undertakings	**6,732**	23,210
Other payables including taxation and social security	**2,791**	3,744
	9,523	26,954

Of the above total, £nil *(2018 £nil)* is expected to be paid more than one year after the statement of financial position date.

14. Statement of cash flows

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

	2019 £'000	2018 £'000 restated
Profit before tax	**1,499**	702
Adjustments for:		
Changes in working capital:		
(Increase)/decrease in receivables	**(9,378)**	51,207
(Decrease)/increase in provisions	**(441)**	162
Decrease in payables and other financial liabilities	**(16,390)**	(19,130)
Total cash (used in)/generated from operations	**(24,710)**	32,941

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

	2019 £'000	2018 £'000
Cash at bank and in hand	**8,708**	23,418

15. Capital

In managing its capital, the Company seeks to:

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

The Company is subject to the capital requirements applicable to intermediary firms imposed by the FCA. The Company has fully complied with these regulatory requirements during the year. The analysis below sets out the Company's capital resources available to meet its regulatory capital requirements.

	2019 £'000	2018 £'000 restated
Total equity	**38,939**	35,522
Adjustments onto a regulatory basis:		
Deferred tax assets	**(1,692)**	(2,041)
Other adjustments	**(264)**	(1,664)
Total available capital resources	**36,983**	31,817

Other adjustments relates to illiquid intercompany debtors, which along with deferred tax assets are inadmissible for FCA purposes.

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.

16. 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.

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

To promote a consistent and rigorous approach to risk management across the business, the Company has a set of risk policies and business standards which set out the risk strategy, appetite, framework and minimum requirements for the Company's operations. The 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.

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. Risk appetites are set relative to capital and liquidity.

The Company's position against risk appetite is monitored and reported to the Board on a regular basis.

(b) Market risk

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

(c) Credit risk

Credit risk is the risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements. The Company's management of credit risk under the oversight of 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 there are no material financial assets subject to credit risk that are past due or impaired

(d) Liquidity risk

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

The Company is subject to the capital requirements applicable to companies which are personal investment firms and SIPP operators imposed by the FCA. The Company has fully complied with its regulatory requirements during both current and prior year.

17. Related party transactions

(a) The members of the Board of Directors are listed on page 1 of these financial statements.

Under a management agreement Aviva Life Services UK Limited, the Company's parent, previously supplied and made charges for the provision of operational assets and services to the Company. The agreement specified the amounts payable in respect of these services, which were £nil *(2018: £ 139,784 ,000).*

(b) Services provided to related parties

Loans receivable at year end are due from the following:

	2019	2018
	£'000	£'000
Parent	**-**	10,000

Other amounts receivable at year end are due from the following:

		2019		2018
	Income earned in year	**Receivable at year end**	Income earned in year	Receivable at year end
	£'000	**£'000**	£'000	£'000
Fellow subsidiaries	**-**	**32,921**	138,252	26,321
	-	**32,921**	138,252	26,321

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 *(2018: £nil).*

(c) Services provided by related parties

		2019		2018
	Expense incurred in year	**Payable at year end**	Expense incurred in year	Payable at year end
	£'000	**£'000**	£'000	£'000
Parent	**-**	**1,190**	-	22,769
Fellow subsidiaries	**-**	**5,542**	139,784	441
	-	**6,732**	139,784	23,210

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 Services 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 2019. The consolidated financial statements of Aviva plc are available at www.aviva.com or by application to the Group Company Secretary, Aviva plc, St. Helen's, 1 Undershaft, London, EC3P 3DQ.

18. Subsequent Events

On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the UK as well as causing increased volatility and declines in financial markets. If the pandemic is prolonged, or further diseases emerge that give rise to similar effects, the adverse impact on the UK economy could be deepened and result in further declines in financial markets.

Since the onset of the pandemic the Company has remained operational, with key activities such as cash payments and transaction processing being maintained, IT systems remaining operational, and employees including frontline customer facing staff being supported to ensure that that we were there to support our customers when they need us most. As the situation is rapidly evolving it is not practicable to quantify the potential impact of volatile financial markets on expected earnings or the Company at this stage. The company continues to maintain strong solvency levels and expects to continue to meet its capital requirements.