

**AVIVA CREDIT SERVICES UK LIMITED**

**Registered in England and Wales: No. 00184857**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

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# **Aviva Credit Services UK Limited**

Registered in England and Wales: No. 00184857

## **Directors and officer**

### **Directors**

P S Bayles  
S L Kelleher  
T J Latter

### **Officer - Company Secretary**

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

### **Independent auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London, United Kingdom  
SE1 2RT

### **Registered office**

St Helen's  
1 Undershaft  
London, United Kingdom  
EC3P 3DQ

### **Company number**

Registered in England and Wales: No. 00184857

### **Other information**

Aviva Credit Services UK Limited ("the Company") is authorised by the Financial Conduct Authority. Its activities are covered by the Financial Ombudsman Service. The Company is a member of the Aviva plc group of companies ("the Group").

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Strategic report

### For the year ended 31 December 2019

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

#### Review of the Company's business

The Company is a subsidiary of Aviva Insurance Limited ("AIL"). The Company provides instalment credit and instalment payments administration services in respect of insurance premiums arising on policies written by AIL. Income for the provision of these services is based on a percentage of the relevant gross written premiums.

#### Financial position and performance

The financial position of the Company as at 31 December 2019 is shown in the statement of financial position on page 16, with the results shown in the income statement on page 14 and the statement of cash flows on page 17.

Net assets are £3,803,000 (2018: £4,571,000). The decrease is due to interim ordinary dividends settled in May 2019 of £2,500,000 (2018: £nil) less the profit for the year after tax of £1,732,000 (2018: £1,155,000).

Profit before tax is £1,461,000 (2018: £1,426,000). The small increase in revenues result from a slight increase in instalment business in one area that offsets the general long-term downward trend in volumes year-on-year. The reduction in tax results from a change in Aviva Group policy, whereby the Company now receives free Group tax relief, which applies retrospectively to periods from 1 January 2018. As a result, the tax credit of £271,000 (2018: tax expense of £271,000) represents no tax charge on the 2019 profits and a reversal of the 2018 tax liability.

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 jurisdictions from which the Company derives insurance commission and other fee income and the global economy more widely, 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 global economy could be deepened and result in further declines in financial markets.

As provider of instalment credit and administrator of instalment payments the Company is impacted by the COVID-19 pandemic through disruption to the fee income it receives from AIL. 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 are there to support our customers when they need us most. The economic downturn has had no material impact on the Company's fee income; it continues to maintain a strong balance sheet and expects to continue to remain a going concern.

#### Section s.172 Statement

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

The Board is responsible for monitoring and upholding the culture, values, standards, ethics and reputation of the Company, and the Aviva Group, to ensure that its obligations to its shareholder and stakeholders are met. It monitors adherence to the Aviva Group business standards and compliance with local corporate governance requirements, and is committed to act if the business should fail to act in the manner that is expected of it.

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.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Strategic report (continued)

For the year ended 31 December 2019

### Our Culture (continued)

As the provider of vital financial services to millions of customers, the Aviva Group seeks to earn customers' trust by acting with integrity and responsibility at all times. The Company adopts the same culture, and the Board look to build relationships with all its stakeholders based on openness and continuing dialogue.

The Company's culture is shaped in conjunction with the parent entity, Aviva Insurance Limited (AIL) and ultimate shareholder, Aviva plc (Aviva Group), with clearly defined values to help ensure it does the right thing. The Company values diversity and inclusivity in the workforce and beyond. The commitment the Company makes to each customer extends to all stakeholders; that is 'with you today, for a better tomorrow.' Throughout the Company's business, the Board is proud that staff live by the core value of Caring More for customers, for each other and for the communities they serve.

### Key strategic decisions in 2019

Within the wider Aviva Group, key decisions were made during 2019 to split Aviva UK General Insurance from Aviva UK Life business, with Colm Holmes becoming CEO of the General Insurance division. The General Insurance Operating Model plan focuses on driving a better customer experience and reducing complexity in business processes and products.

### Stakeholder Engagement

#### (i) Employees

The Company has no employees. The majority of staff engaged in the activities of the Company are formally employed by fellow subsidiary undertakings of Aviva plc, which enables them to flexibly work within the wider Aviva Group and undertake duties in or for a number of Aviva Group companies. As part of the Aviva Group, staff enjoy the benefit of the Aviva Group policies and benefits made available to them.

The Company's employee engagement mechanisms align with Aviva Group, such as employee forums, internal communication channels, informal meetings with Directors and employee engagement surveys.

The Company's people share in the Aviva Group success as shareholders through membership in the Group's global share plans.

#### (ii) Customers

The Board receives regular reporting on customer outcomes and strategic initiatives throughout the year. It closely monitors customer metrics and engages with the leadership team of the relevant Aviva business on which it relies to understand the issues if performance does not meet customers' expectations.

The Company's parent entity, AIL, is supported by a Conduct Committee to enable it to monitor customer metrics, and subsequently engage with the senior leaders to address any issues that may arise from customer complaints, feedback and the Aviva Group's approach to good customer outcomes. The Company's Board can escalate any matters it feels necessary to the Conduct Committee for further scrutiny.

The Board continues to monitor IT performance to ensure consistent service for customers.

#### (iii) Suppliers

All supplier related activity is managed in line with the Aviva 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.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Strategic report (continued)

For the year ended 31 December 2019

### (iii) Suppliers (continued)

In the UK, Aviva is a signatory of the Prompt Payment Code which sets standards for high payment practices and is a Living Wage employer in the UK. The Group's supplier contracts include a commitment to paying eligible employees not less than the Living Wage in respect of work provided to Aviva in the UK.

The Board are involved in the management of critical or important suppliers and the Company reviews reports on their performance.

### (iv) Communities

The Aviva Group pro-actively supports Wellbeing@Aviva, a health and wellbeing proposition for UK employees, providing products, improved policies and better support to enhance employees' mental, physical, community and financial wellbeing. With a focus on prevention and early intervention of illness, Wellbeing@Aviva utilises a dynamic group of 'Health Hero's' across the Aviva sites to promote physical, mental and community wellbeing.

The Aviva Group have established six global employee resource groups, called the Aviva Communities, to help drive more diversity and inclusivity throughout the organisation to ensure everyone can have a fair voice at Aviva.

The Aviva Group actively encourage and support colleagues to volunteer in their communities, providing 21 hours of paid volunteering time to make a positive impact and help build stronger communities.

### (v) Shareholders

The Company's immediate shareholder is AIL and the ultimate shareholder is Aviva plc. There is ongoing communication and engagement with the AIL Board. Any matters requiring escalation are escalated by the Board through the Chair to AIL. Additionally, members of the AIL Board can attend the Company's Board meetings by invitation.

### (vi) Regulators

The Company's Board engages with the FCA on a regular basis.

### Future outlook

The directors consider that the Company's principal activity will continue unchanged into the foreseeable future.

### Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Company and the Company's risk management policies are set out in note 11 to the financial statements.

### Coronavirus

The impact of COVID-19 is detailed in the above section, 'Financial Position and Performance'.

### Key performance indicator

The directors consider that the Company's key performance indicator that communicates the financial performance is as follows:

	<u>2019</u>	<u>2018</u>
	<u>£000</u>	<u>£000</u>
Profit before tax	1,461	1,426

# **Aviva Credit Services UK Limited**

Registered in England and Wales: No. 00184857

## **Strategic report (continued)**

**For the year ended 31 December 2019**

### **Key performance indicator (continued)**

Profit before tax has increased as explained in the Financial position and performance section above.

By order of the Board on 8 October 2020

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

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Directors' report

### For the year ended 31 December 2019

The directors present their annual report and the 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. The changes in directors in office since the start of the accounting year are as follows:

G J Hemming resigned as director of the Company on 17 August 2020

S L Kelleher was appointed as a director of the Company on 18 August 2020

#### Company Secretary

The name of the company secretary of the Company is shown on page 1

#### Dividend

An interim dividend of £2,500,000 on the Company's ordinary shares was paid out to AIL in 2019 (2018: £nil). The directors do not recommend a final dividend on the Company's ordinary shares for the year ended 31 December 2019 (2018: £nil).

#### Events after the statement of financial position date

The impact of COVID-19 is detailed in the Strategic Report; see section 'Financial Position and Performance'.

#### Future outlook

Likely future developments in the business of the Company are discussed in the Strategic report on page 2.

#### Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### Financial instruments and financial risk management

The business of the Company includes the use of financial instruments. Details of the Company's risk management objectives and policies and exposures to the risk relating to financial instruments are set out in note 11 to the financial statements.

#### Employees

The Company has no employees. All staff are employed by a fellow subsidiary undertaking of Aviva plc, Aviva Employment Services Limited. Disclosures relating to employees may be found in the annual report and 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:

- (a) so far as the director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware; and
- (b) 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 s418 of the Companies Act 2006.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Directors' report (continued)

For the year ended 31 December 2019

### Independent auditors

It is the intention of the directors to reappoint the auditors, PricewaterhouseCoopers LLP, under the deemed appointment rules of s487 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 s309A to s309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

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

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board on 8 October 2020

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

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## *Independent auditors' report to the members of Aviva Credit Services UK Limited*

### Report on the audit of the financial statements

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#### **Opinion**

In our opinion, Aviva Credit Services UK 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 Financial Statements 2019 (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the income statement, the statement of cash flows, the statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

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#### **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.

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#### **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.

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#### **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.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## *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.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities set out on page 7, 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](http://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.

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## **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.

Matthew Nichols (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
October 2020

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Accounting policies

The Company is a limited liability company incorporated and domiciled in the United Kingdom (UK). Its principal activity is the provision of instalment credit and instalment payments administration services in respect of insurance premiums in the UK.

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 Financial Reporting Standards (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 of the Company have been prepared on the going concern basis as explained in the Directors' report on page 6.

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

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

The 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. This standard is effective for annual reporting periods beginning on or after 1 January 2019.

#### **(ii) Annual Improvements to IFRS Standards 2015-2017 Cycle**

These improvements consist of amendments to four 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) 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 been endorsed by the EU.

#### **(ii) 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 been endorsed by the EU.

#### **(iii) 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 been endorsed by the EU.

#### **(iv) 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 been endorsed by the EU.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Accounting policies (continued)

### **(B) Critical accounting policies and the use of estimates**

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

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

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

### **(C) Revenue recognition**

Revenue comprises the finance charge earned, including fees charged net of value added tax, rebates and discounts, from the provision of instalment credit to customers. Revenue is recognised over the period of provision of instalment credit.

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

### **(D) Trade receivables**

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

### **(E) Cash and cash equivalents**

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

### **(F) Derecognition and offset of financial assets and financial liabilities**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- (i) the rights to receive cash flows from the asset have expired;
- (ii) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- (iii) the Company has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset; or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Accounting policies (continued)

### **(F) Derecognition and offset of financial assets and financial liabilities (continued)**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently enforceable legal right to set off the recognised amounts and there is the ability and intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### **(G) 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 determine 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, 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.

### **(H) Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **(I) Contingent liabilities**

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

# **Aviva Credit Services UK Limited**

Registered in England and Wales: No. 00184857

## **Accounting policies (continued)**

### **(J) Equity and dividends**

#### *Equity instruments*

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of 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.

#### *Dividends*

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

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Income statement

For the year ended 31 December 2019

	Note	<u>2019</u> £000	<u>2018</u> £000
<b>Revenue</b>		1,461	1,426
<b>Profit before tax</b>		1,461	1,426
Tax credit/ (expense)	4	271	(271)
<b>Profit for the year</b>		<u>1,732</u>	<u>1,155</u>

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

The accounting policies on pages 10 to 13 and notes on pages 18 to 27 form an integral part of these financial statements.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Statement of changes in equity

For the year ended 31 December 2019

	Note	<u>Ordinary share capital</u> £000	<u>Retained earnings</u> £000	<u>Total equity</u> £000
<b>Balance at 1 January 2018</b>		25	3,391	3,416
Profit and total comprehensive income for the year		-	1,155	1,155
Dividends	5	-	-	-
Total movement in the year		-	1,155	1,155
<b>Balance at 31 December 2018</b>		25	4,546	4,571
Profit and total comprehensive income for the year		-	1,732	1,732
Dividends	5	-	(2,500)	(2,500)
Total movement in the year		-	(768)	(768)
<b>Balance at 31 December 2019</b>		25	3,778	3,803

The accounting policies on pages 10 to 13 and notes on pages 18 to 27 form an integral part of these financial statements.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Statement of financial position

As at 31 December 2019

	Note	<u>2019</u> £000	<u>2018</u> £000
<b>ASSETS</b>			
<b>Current assets</b>			
Receivables	6	47,753	54,636
Cash and cash equivalents	10(b)	2,702	7,257
		<u>50,455</u>	<u>61,893</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	(46,652)	(57,051)
<b>Net current assets</b>		<u>3,803</u>	<u>4,842</u>
<b>Non-current liabilities</b>			
Tax liability	8	0	(271)
<b>Net assets</b>		<u>3,803</u>	<u>4,571</u>
<b>EQUITY</b>			
Ordinary share capital	9	25	25
Retained earnings		<u>3,778</u>	<u>4,546</u>
<b>Total equity</b>		<u>3,803</u>	<u>4,571</u>

The accounting policies on pages 10 to 13 and notes on pages 18 to 27 form an integral part of these financial statements.

The financial statements on pages 10 to 27 were approved by the Board of Directors on 8 October 2020 and signed on its behalf by:

T J Latter  
Director

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Statement of cash flows

For the year ended 31 December 2019

	Note	<u>2019</u>	<u>2018</u>
		<u>£000</u>	<u>£000</u>
<b>Cash flows from operating activities</b>			
Net cash outflow from operating activities	10(a)	(2,055)	(11,887)
<i>Net cash used in operating activities</i>		<u>(2,055)</u>	<u>(11,887)</u>
<b>Cash flows from financing activities</b>			
Ordinary dividends paid	5	(2,500)	-
<i>Net cash used in financing activities</i>		<u>(2,500)</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>		(4,555)	(11,887)
Cash and cash equivalents at 01 January		<u>7,257</u>	<u>19,144</u>
<b>Cash and cash equivalents at 31 December</b>	10(b)	<u><u>2,702</u></u>	<u><u>7,257</u></u>

The accounting policies on pages 10 to 13 and notes on pages 18 to 27 form an integral part of these financial statements.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements

### 1. Employee information

All staff are employed by a fellow subsidiary undertaking of Aviva plc, Aviva Employment Services Limited. Disclosures relating to employees may be found in the Annual Report and Financial Statements of Aviva Employment Services Limited.

### 2. Directors' remuneration

The directors are remunerated for their roles as employees across the Group. They are not remunerated directly for their services as directors of this Company and the amount of time spent performing their duties is incidental to their roles across the Group. No cost is borne by the Company for these services (2018: £nil).

During the year, 1 of the directors exercised share options (2018: nil) and 3 of the directors were granted shares under long term incentive schemes (2018: 5) in relation to shares of the Company's ultimate parent company, Aviva plc. Details may be found in the annual report and financial statements of Aviva plc.

### 3. Auditors' remuneration

The total remuneration payable, excluding to VAT, to its auditors, PricewaterhouseCoopers LLP in respect of the audit of these financial statements is shown below.

	<u>2019</u>	<u>2018</u>
	<u>£000</u>	<u>£000</u>
Fees payable for the audit of the Company's financial statements	11	10

Audit fees are paid by Aviva Central Services UK Limited, a fellow Group company, and borne by the Company's parent, Aviva Insurance Limited.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 4. Tax credit/ (expense)

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

The total tax (credit)/ charge comprises:

	<u>2019</u>	<u>2018</u>
	<u>£000</u>	<u>£000</u>
<b>Current tax:</b>		
For this current year	-	271
Adjustment in respect of prior years	(271)	-
Total current tax (credit)/ charge	<u>(271)</u>	<u>271</u>
Total tax (credited)/ charged to income statement	<u>(271)</u>	<u>271</u>

#### (b) Tax reconciliation

The tax on the Company's profit before tax differs from (2018: is the same as) the theoretical amount that would arise using the tax rate in the United Kingdom as follows:

	<u>2019</u>	<u>2018</u>
	<u>£000</u>	<u>£000</u>
Profit before tax	1,461	1,426
Tax calculated at standard UK corporation tax rate of 19% (2018: 19%)	278	271
Adjustment in respect of prior years	(271)	-
Surrender of tax losses from Group undertakings for no charge	(278)	-
Total tax (credited)/ charged for the year (note 4(a))	<u>(271)</u>	<u>271</u>

Finance Act 2016 introduced legislation reducing the UK corporation tax rate from 1 April 2020 to 17%. 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 the Company has no deferred tax assets or liabilities, any future changes in tax rates will have no impact on the net assets of the Company as at 31 December 2019.

### 5. Dividends

	<u>2019</u>	<u>2018</u>
	<u>£000</u>	<u>£000</u>
Ordinary dividends declared and charged to equity in the year		
Interim dividend - 2019 £2,500,000 (2018: £nil)	2,500	-

On 20 November 2018 an interim dividend of £2,500,000 (£100 per share) was approved and was paid on 7 May 2019.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 6. Receivables

	<u>2019</u>	<u>2018</u>
	<u>£000</u>	<u>£000</u>
Amounts due from related parties (note 13(a)(i))	220	220
Trade receivables	47,533	54,416
	<u>47,753</u>	<u>54,636</u>
Expected to be recovered within one year	<u>47,753</u>	<u>54,636</u>

Financial assets within Receivables are held to collect on the contractual cash flows due to the Company, and are deemed to be solely payments of principal and interest. As a result of this business model and the assessment of the contractual cash flows, these instruments have been measured at amortised cost, which approximates to fair value.

### 7. Trade and other payables

	<u>2019</u>	<u>2018</u>
	<u>£000</u>	<u>£000</u>
Amounts due to related parties (note 13(a)(ii))	45,867	56,336
Other financial liabilities	785	715
	<u>46,652</u>	<u>57,051</u>
Expected to be settled within one year	<u>46,652</u>	<u>57,051</u>

Trade and other payables are carried at amortised cost, which approximates to fair value.

### 8. Tax liability

	<u>2019</u>	<u>2018</u>
	<u>£000</u>	<u>£000</u>
Tax liability		
Expected to be payable in more than one year	-	271
	<u>-</u>	<u>271</u>
Tax liability recognised in statement of financial position	<u>-</u>	<u>271</u>

Liabilities for prior years' tax to be settled by group relief of £nil (2018: £296,000) are included within trade and other payables (note 7) and are payable in less than one year.

### 9. Ordinary share capital

	<u>2019</u>	<u>2018</u>
	<u>£000</u>	<u>£000</u>
Details of the Company's ordinary share capital are as follows:		
<b>Allotted, called up and fully paid</b>		
25,000 (2018: 25,000) ordinary shares of £1 each	<u>25</u>	<u>25</u>

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 10. Statement of cash flows

#### (a) Reconciliation of profit before tax to the net cash flow from operating activities:

	<u>2019</u> £000	<u>2018</u> £000
Profit before tax	1,461	1,426
Changes in working capital:		
Decrease / (increase) in receivables	6,883	(1,936)
Decrease in trade and other payables	(10,399)	(11,377)
<i>Net cash outflow from operating activities</i>	<u>(2,055)</u>	<u>(11,887)</u>

In 2019, changes in "Decrease in trade and other payables" are stated after eliminating £nil (2018: £296,000) of corporation tax settled by group relief.

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

	<u>2019</u> £000	<u>2018</u> £000
Cash and cash equivalents	2,702	7,257

### 11. Risk management

The Company operates in accordance with the Aviva Group's risk management framework that forms an integral part of the management and Board processes and decision-making framework. The key elements of the risk management framework comprise risk appetite; risk governance, including risk policies and business standards and roles and responsibilities; and the processes used to identify, measure, manage, monitor and report ("IMMMR") risks.

The Board has overall responsibility for determining risk appetite for the Company, which is an expression of the risk the business is willing to take. For the purposes of risk identification and measurement, risks are usually grouped by risk type: credit, liquidity and operational risk. Risks falling within these types may affect a number of metrics including those relating to strength within the statement of financial position, liquidity and profit. They may also affect the performance of the products or services the Company delivers to customers, which can be categorised as risks to brand and reputation.

The risk policies and business standards set out the risk strategy, appetite, framework and minimum requirements for the Aviva Group's operations. The parent company's Chief Executive Officer and Chief Risk Officer sign-off compliance with these policies and standards, providing assurance to the Company's Board that there is a consistent framework for managing the business and the associated risks.

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 are 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.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 11. Risk management (continued)

Board oversight of risk and risk management across the Company is maintained on a regular basis. 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.

#### (a) Financial risk management

##### (i) Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

At 31 December 2019, receivables are £47,753,000 (2018: £54,636,000 ). Of this amount, £220,000 (2018: £220,000 is due from related parties, details of which are set out in note 13(a)(i).

An assessment is carried out over all categories of financial asset to determine to what extent assets held can be considered to have low credit risk as at the reporting date. A low credit risk is demonstrated where the borrower has a strong capacity to meet its contractual cash flow obligations in the near term. 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.

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. There is also deemed to be a rebuttable presumption of increased credit risk where contractual payments are more than 30 days past due, unless the Company has supporting evidence to the contrary, such as a strong credit rating for the financial asset.

A financial asset is considered to be in default where contractual payments are past due, and 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. During the year, none of the cash flows associated with any of the Company's financial assets have been modified or renegotiated.

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

No financial assets are impaired as at 31 December 2019 (2018: £nil). The table below provides information regarding the ageing of financial assets that are past due but not impaired:

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 11. Risk management (continued)

#### (a) Financial risk management (continued)

##### (i) Credit risk (continued)

31 December 2019	<u>Financial assets that are past due</u>				Carrying value £000
	Neither past due nor impaired £000	0 – 3 months £000	3 – 6 months £000	6 months – 1 year £000	

Receivables	47,416	155	81	101	47,753
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31 December 2018	<u>Financial assets that are past due but not impaired</u>				Carrying value £000
	Neither past due nor impaired £000	0 – 3 months £000	3 – 6 months £000	6 months – 1 year £000	

Receivables	54,219	153	108	156	54,636
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Concentrations of credit risk with respect to receivables are limited as receivables comprise insurance premiums payable by instalments. The Company has not purchased or originated any credit-impaired financial assets as at the reporting date.

The Company's maximum exposure to credit risk for each category of financial asset held at amortised cost for which lifetime expected credit losses have been calculated using the simplified method is as follows:

31 December 2019	<u>Financial exposures by credit rating</u>						Carrying value £000
	AAA £000	AA £000	A £000	BBB £000	Speculative grade £000	Non-rated £000	
Trade receivables	-	-	-	-	-	47,533	47,533
Amounts due from related parties	-	-	-	-	-	220	220
Cash and cash equivalents	-	-	2,702	-	-	-	2,702

31 December 2018	<u>Financial exposures by credit rating</u>						Carrying value £000
	AAA £000	AA £000	A £000	BBB £000	Speculative grade £000	Non-rated £000	
Trade receivables	-	-	-	-	-	54,416	54,416
Amounts due from related parties	-	-	-	-	-	220	220
Cash and cash equivalents	-	-	7,257	-	-	-	7,257

The Company's cash and cash equivalents of £2,702,000 (2018: £7,257,000) are placed with two counterparties (2018: two).

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 11. Risk management (continued)

#### (a) Financial risk management (continued)

##### (i) Credit risk (continued)

The management of credit risk is overseen by the Board.

##### (ii) Liquidity risk

Liquidity risk is the risk of the Company not being able to make payments as they become due because there are insufficient liquid assets.

The Company has set its cash management strategy to ensure it has sufficient liquid funds to meet its expected obligations as they fall due.

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

<b>31 December 2019</b>	<b>Within 1 year £000</b>	<b>1 to 5 years £000</b>	<b>5 to 15 years £000</b>	<b>Over 15 years £000</b>	<b>Total £000</b>
Trade and other payables	46,652	-	-	-	46,652
<b>31 December 2018</b>	<b>Within 1 year £000</b>	<b>1 to 5 years £000</b>	<b>5 to 15 years £000</b>	<b>Over 15 years £000</b>	<b>Total £000</b>
Trade and other payables	57,051	-	-	-	57,051

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

<b>31 December 2019</b>	<b>Within 1 year £000</b>	<b>1 to 5 years £000</b>	<b>5 to 15 years £000</b>	<b>Over 15 years £000</b>	<b>Total £000</b>
Receivables	47,753	-	-	-	47,753
Cash and cash equivalents	2,702	-	-	-	2,702
	50,455	-	-	-	50,455

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 11. Risk management (continued)

#### (a) Financial risk management (continued)

#### (ii) Liquidity risk (continued)

31 December 2018	Within 1 year £000	1 to 5 years £000	5 to 15 years £000	Over 15 years £000	Total £000
Receivables	54,636	-	-	-	54,636
Cash and cash equivalents	7,257	-	-	-	7,257
	61,893	-	-	-	61,893

The management of liquidity risk is overseen by the Board.

#### (b) Operational risk management

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, people and systems, or external events including changes in the regulatory environment. The Company has limited appetite for operational risk and aims to reduce these risks as far as is commercially sensible.

Management is responsible for identifying and managing operational risks of the business, within the Aviva group-wide operational risk framework, including the risk and control self-assessment process. Residual risk outside tolerance is given prioritised management action to reduce it within tolerance. Management uses key indicator data to help monitor the status of the risk and control environment, and identifies and captures loss events, taking appropriate action to address actual control breakdowns and promote internal learning.

The management of operational risk is overseen by the Board.

### 12. Capital structure

The Company maintains an efficient capital structure from equity shareholder's 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 where this is employed.

#### (a) General

IFRS underpins the Company's capital structure and, accordingly, the capital structure is analysed on this basis.

#### (b) Capital management

In managing its capital, the Company seeks to:

- (i) maintain financial strength;
- (ii) retain financial flexibility by maintaining strong liquidity; and
- (iii) allocate capital efficiently to support growth and repatriate excess capital where appropriate.

# Aviva Credit Services UK Limited

Registered in England and Wales: No. 00184857

## Notes to the financial statements (continued)

### 12. Capital structure (continued)

The Company considers not only the traditional sources of capital funding, but alternative sources of capital as appropriate, when assessing its deployment and usage of capital.

#### (c) Capital structure

	<b>IFRS net assets</b> <b>2019</b> <b>£000</b>	<b>IFRS net assets</b> <b>2018</b> <b>£000</b>
Provision of instalment credit in respect of insurance premiums	3,803	4,571
<b>Total capital employed</b>	<b>3,803</b>	<b>4,571</b>
<b>Financed by</b>		
Total equity	3,803	4,571

### 13. Related party transactions

#### (a) Related party transactions

Related party transactions in 2019 and 2018 are in respect of instalment credit provided by the company on insurance premiums underwritten by Aviva Insurance Limited, the parent company.

#### (i) Services provided to related parties

	<b>2019</b>	<b>2018</b>
	<b>Income earned</b> <b>in year</b> <b>£000</b>	<b>Receivable</b> <b>at year end</b> <b>£000</b>
Parent	-	220

Receivables relate to instalments remitted to Aviva Insurance Limited on behalf of the company. The related parties' receivables are not secured and no guarantees were received in respect thereof. The receivables will be settled in accordance with normal credit terms.

#### (ii) Services provided by related parties

	<b>2019</b>	<b>2018</b>
	<b>Expense incurred</b> <b>in year</b> <b>£000</b>	<b>Payable</b> <b>at year end</b> <b>£000</b>
Parent	-	45,867

Payables relate to the premiums underwritten by Aviva Insurance Limited and transferred to, and managed by the company on its behalf.

# **Aviva Credit Services UK Limited**

Registered in England and Wales: No. 00184857

## **Notes to the financial statements (continued)**

### **13. Related party transactions (continued)**

#### **(a) Related party transactions (continued)**

#### **(ii) Services provided by related parties (continued)**

Transactions with Group companies for settlement of corporation tax liabilities by group relief are described in note 8.

#### **(iii) Key management compensation**

The key management of the Company are considered to be the statutory directors of the Company. Note 2, Directors' remuneration, gives information of their compensation as directors of the Company.

#### **(b) Immediate parent company**

The Company's immediate parent company is Aviva Insurance Limited, registered in Scotland.

#### **(c) 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](http://www.aviva.com).

### **14. Events after the statement of financial position date**

Management has evaluated subsequent events for the period from 31 December 2019 to the date of these financial statements, and there has been one material subsequent event in that period

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 jurisdictions from which the Company derives insurance commission and other fee income and the global economy more widely, 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 global economy could be deepened and result in further declines in financial markets.

As provider of instalment credit and administrator of instalment payments the Company is impacted by the COVID-19 pandemic through disruption to the fee income it receives from AIL. 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 are there to support our customers when they need us most. The economic downturn has had no material impact on the Company's fee income; it continues to maintain a strong balance sheet and expects to continue to remain a going concern.