Aviva UK Digital Limited

Registered in England and Wales No. 09766150

Annual Report and Financial Statements 2019

Contents

Directors and officers

Directors

A J Darlington
C B Wei
C J Clark
J B Cummings
D F S Rogers
G J Hemming
N B M Amin
T J Latter

Officer – Company Secretary

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

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Registered Office

St Helen's
1 Undershaft
London
EC3P 3DQ

Company Number

Registered in England and Wales No. 09766150

Other Information

Aviva UK Digital Limited ("the Company") is regulated by the Financial Conduct Authority ("FCA") and is a member of the Aviva plc group of companies ("the Group").

Strategic report

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

Review of the Company's Business

Principal activities

The Company is a subsidiary of Aviva Insurance Limited ("AIL"). The Company's principal activity during the year was as an insurance intermediary receiving commission and fee income to distribute insurance products manufactured by other Aviva subsidiaries to customers in the UK.

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 17, with the results for the year shown in the Income Statement on page 15 and the Statement of Cash Flows on page 18.

The Company was approved as a regulated insurance intermediary in June 2016 and receives commission and fee income to distribute insurance products manufactured by other Aviva subsidiaries to customers in the UK. In 2019, commission income increased to £155 million *(2018: £48 million)* as a result of the arrangements for commission income changing in 2019 to move from a variable commission arrangement, intended to deliver an appropriate written return on an 'end to end' basis to the Aviva manufacturers for the products sold, to a basis that fully recovers operating costs incurred relating to the acquisition of products sold on behalf of the General Insurance, Life and Health business units. Operating expenses increased to £305 million *(2018: £229 million)*, including the impact of the full impairment of all intangible assets.

Significant 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 jurisdictions in which the Company operates 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.

The Company's balance sheet exposure has been reviewed and the Company continues to maintain a positive net asset value. Since the onset of the pandemic the Company has remained operational, with key activities such as transaction processing being maintained. As the situation is rapidly evolving it is not practicable to quantify the potential financial impact of the outbreak on the Company at this stage.

During the year 2019 the Company issued 50,000,000 ordinary shares of £1 each for a cash consideration of £50 million to Aviva Life Holdings UK Limited ("ALH") (25,000,000 shares) and Aviva Insurance Limited ("AIL") (25,000,000 shares).

In December 2019, AIL's Board approved the acquisition of the remaining shares in the Company resulting in it becoming a 100% subsidiary of AIL.

During the year the Company capitalised expenditure relating to the MyAviva Digital Platform of £47 million (2018: £49 million) as an intangible asset.

Following the change to the operating model, it was determined that the carrying value of intangible assets can no longer be supported in the Company, although these will be retained at a Group level. The impact of the consequent impairment of £86 million is reflected in the results for the year.

Section 172 statement

The Directors, report here on how they have discharged their duties under Section 172 of the Companies Act 2006.[1]

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 the Directors' obligations to its shareholder and to its stakeholders are met. The Board monitors adherence to the Aviva Group business standards and compliance with local corporate governance requirements and is committed to acting if our business should fail to act in the manner the Board expect 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.

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

Our culture

As a digital insurance intermediary set up to sell Aviva's UK direct-to-customer service offering, the Company seeks to earn customers' trust by acting with integrity and responsibility at all times. The Company look to build relationships with all our stakeholders based on openness and continuing dialogue.

Strategic report (continued)

Section 172 statement (continued)

The Company's culture is shaped, in conjunction with its parent company, Aviva Insurance Limited (AIL), and ultimate shareholder, Aviva plc (Aviva Group), by jointly held and clearly defined values to help ensure it does the right thing. The Company value diversity and inclusivity in its workforce and beyond. The commitment the Company makes to each customer extends to all the Company's stakeholders; that is 'with you today, for a better tomorrow.' Throughout the Company's business, the Board is proud that our people live by our core value of Caring More for our 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 CEO of AIL delivered his General Insurance Operating Model plan to the Board which focused 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 employed by fellow subsidiary undertakings of Aviva plc. As part of the Aviva Group, these staff enjoy the benefit of the Aviva Group policies and benefits made available to them.

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

Aviva Group carries out a comprehensive global employee engagement survey each year (called 'Voice of Aviva'), and the results are considered by the Board in the context of culture, values and behaviours. Actions are raised from this with a view to continually improve.

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

(ii) Customers

The Board receives regular reporting on strategic initiatives throughout the year and all papers put to the Board focus on impact to the customer in order to align to strategy. The Board is supported by the Conduct Committee, later renamed to the Conduct & Operational Risk Committee, and regularly receives input from the Committee Chair 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 also works closely with the Company's business partners to focus on new approaches to distribution and pricing in the general insurance industry. The Board monitor and review developments concerning changes to the Company's IT platforms, and any IT issues, to enable the business to respond to customer service delivery issues.

(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 Group has taken to prevent modem slavery and associated practices in any part of our supply chain and approve the Group's Modern Slavery Act statement each year.

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

The Company's Directors are closely involved in the management of the Company's most critical or important suppliers, and regularly review reports on their performance.

(iv) Communities

As a member of the Aviva Group, the Company supports the Aviva developed Wellbeing@Aviva, a health and wellbeing proposition for UK employees, providing products, improved policies and better support to enhance our employees' mental, physical, community and financial welling. The Board supports the Aviva Group's 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 promotes the Aviva Community Fund which supports charities and non-profit community organisations around the UK. This provides many different causes with funding, skills and resources to enhance resilience and further their impact. The Board supports the promotion of the fund and encourages UK employees to participate and support the causes that resonate with them.

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

Strategic report (continued)

Section 172 statement (continued)

(v) Shareholders

The Company's immediate shareholder is Aviva Insurance Limited and ultimate shareholder is Aviva plc and throughout the year there was ongoing communication and engagement with both Boards and relevant committees. Any matters requiring escalation are escalated by the Board through the Chair to its parent. Additionally, members of the Aviva plc board can attend the Company's board meetings by invitation.

(vi) Our regulators

The Company has a programme of regular meetings between Executive Board members, the Company's senior management, the Risk & Compliance function and the FCA. The Company routinely provides copies of Board and Conduct Committee papers to the FCA and also responds to requests for information when required, maintaining constructive and open relationships with the UK regulator. The FCA have attended a Board meeting of the Company's parent, Aviva Insurance Limited, in 2019, providing insight into their focus for their subsidiary insurance companies.

Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva plc and these are shown in the Group 2019 Annual Report and Accounts.

The strategic direction of the Company is set by the directors of the Company. The directors expect that the Company's principal activities will continue unchanged for 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 15 to the financial statements.

Risk factors beyond the Company's control that could cause actual results to differ materially from those estimated include, but are not limited to:

- Operational risks: Conduct, regulatory compliance and IT technology risks, including data security. These risks are mitigated by the Company's implementation of the Group's risk management policies and framework and compliance with the Aviva group-wide operational risk framework including the risk and control self-assessment process.
- Exit of the UK from the EU & UK-EU Free Trade Agreement ("FTA") negotiations:In preparing for the end of the transition period on 31 December 2020 under the UK-EU withdrawal agreement, we have already taken the operational measures necessary to ensure continuous service to our customers irrespective of the outcome of UK-EU FTA negotiations. However, beyond 2020 the consequences of the UK's withdrawal from the EU on future financial services regulation and the UK economy will require careful monitoring.
- The impact of COVID-19 is detailed in the above section Significant events.

Key performance indicators

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

Measure	2019	2018
Commission and fee income for the year/period ended 31 December	**£155 million**	£48 million

On behalf of the Board on 9 July 2020

T Latter
Director

Directors' report

The directors present their 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 3.

A J Darlington appointed as a director of the Company on 7 August 2019
G J Hemming appointed as a director of the Company on 23 December 2019
T Latter appointed as a director of the Company on 27 April 2020
J B Cummings appointed as a director of the Company on 4 June 2020
A D Briggs resigned from the Company on 24 April 2019
C I Arney resigned from the Company on 31 December 2019
B M Turnbull resigned from the Company on 6 January 2020
C J Holmes resigned from the Company on 1 February 2020

Company Secretary

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

Dividends

No interim ordinary dividend on the Company's ordinary shares was paid during the year ended 31 December 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).

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report, which includes a section describing the principal risks and uncertainties. In addition, the financial statements include notes on management of its risks including market, credit and liquidity risk (see note 15).

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

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

Important events since the financial year end

The impact of COVID-19 is detailed in the Strategic report.

Future outlook

Likely future developments in the business of the Company are discussed in the strategic report on page 4.

Employees

The Company has no employees. All UK employees engaged in the activities of the Company are employed by subsidiary undertakings of Aviva plc, Aviva Employment Services Limited and Sesame Services Limited. Disclosures relating to employees may be found in the annual report and financial statements of these companies.

Disclosure of information to the auditors

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

Independent auditors

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.

Directors' Report continued

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 section 309A to section 309C of the Companies Act 1985. These qualifying third-party indemnity provisions remain in force as at the date of approving the directors' report by virtue of paragraph 15, schedule 3 of the Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

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

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and 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 ("EU"). 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU and IFRSs issued by IASB 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.

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.

On behalf of the Board on 9 July 2020

T Latter
Director

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

Report on the audit of the financial statements

Opinion

In our opinion, Aviva UK Digital 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 loss 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 (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the income statement, the statement of comprehensive income, 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.

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.

Independent auditors' report to the members of Aviva UK Digital Limited continued

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 [9], 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.

Philip Watson

Philip Watson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 July 2020

Accounting policies

The Company is a private limited company incorporated and domiciled in the United Kingdom ("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, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss ("FVTPL").

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

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

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. The standard is effective for annual reporting beginning on or after 1 January 2019 and has been endorsed by the EU.

(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 and has been endorsed by the EU.

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

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

(i) Amendments to 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.

(ii) Amendment to IFRS 3, Business Combinations, 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.

(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 not yet 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.

(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.

Critical accounting policies

The following accounting policies are those that have the most significant impact on the amounts recognised in the financial statements, with those judgements involving estimation summarised thereafter.

Item	Critical accounting judgement	Accounting policy
Intangible assets	Assessment of whether the costs of development and purchase of enhancements and functionality for the MyAviva Digital Platform should be accounted for as an intangible asset.	F

Accounting policies (continued)

(B) Critical accounting policies and the use of estimates (continued)

Use of estimates

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

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

Item	Critical accounting estimates	Accounting policy	Note
Intangible assets	Intangible assets are recognised, amortised and assessed for indicators of impairment using an income approach method. Significant estimates include forecast cash flows, discount rates and determination of useful lives.	F	7

(C) Revenue

Revenue includes commission income, introducer fees and service charges from fellow group companies. This income is recognised in the accounting period in which the services are provided.

(D) Operating expenses

Staff costs and other employee related expenditure, ongoing administrative and other operating expenses are recognised as incurred.

(E) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. This presumes that the transaction takes place in the principal (or most advantageous) market under current market conditions. Fair value is a market-based measure and in the absence of observable market prices in an active market, it is measured using the assumptions that market participants would use when pricing the asset or liability.

The fair value of a non-financial asset is determined based on its highest and best use from a market participant's perspective. When using this approach, the Company takes into account the asset's use that is physically possible, legally permissible and financially feasible.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. In certain circumstances, the fair value at initial recognition may differ from the transaction price. If the fair value is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging), or is based on a valuation technique whose variables include only data from observable markets, then the difference between the fair value at initial recognition and the transaction price is recognised as a gain or loss in the Income Statement. When unobservable market data have a significant impact on the valuation of financial instruments, the difference between the fair value at initial recognition and the transaction price is not recognised immediately in the Income Statement, but deferred and recognised in the Income Statement on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out or otherwise matured.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances is used to measure fair value.

(F) Intangible assets

Intangible assets relate to the costs of development and purchase of enhancements and functionality for the digital platforms used for the marketing and distribution of insurance products. The economic life for this is determined by considering relevant factors such as usage of the asset, typical product life cycles, potential obsolescence, maintenance costs, the stability of the industry, competitive position and the period of control over the assets. These intangibles are amortised over their useful life of three years, using the straight-line method. The amortisation charge for the period will be included in the Income Statement under operating expenses. For intangibles with finite lives, impairment charges will be recognised in the Income Statement where evidence of such impairment is observed. Intangibles with indefinite lives are subject to regular impairment testing, as described below (refer policy G).

(G) Impairment of non-financial assets

Non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Income Statement for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets, except goodwill, which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Accounting policies (continued)

(H) 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:

- the rights to receive cash flows from the asset have expired;
- 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
- the Company has transferred its rights to receive cash flows from the asset and either transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(I) Receivables and other financial assets

Receivables and other financial assets, including prepayments and accrued income, are recognised initially at their fair value. Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest rate method, less expected credit losses.

(J) Payables and other financial liabilities

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

(K) Statement of Cash Flows

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank 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 in payables and other financial liabilities on the Statement of Financial Position.

(L) Income taxes

The current tax charge 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 investments, owner-occupied properties, pensions and other post-retirement obligations and other amounts charged or credited directly to other comprehensive income is recognised in the Statement of Financial Position as a deferred tax asset or liability.

Accounting policies (continued)

(M) Share capital

Equity instruments

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

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

Dividends

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

Income Statement
For the year ended 31 December 2019

	Note	2019 £m	2018 £m
Income			
Revenue	C & 1	**155**	48
		155	48
Expenses			
Operating expenses	D & 2	**(219)**	(229)
Intangible impairment	7	**(86)**	-
		(305)	(229)
Loss for the period before tax		**(150)**	(181)
Tax credit	L & 6	**29**	34
Loss for the period after tax		**(121)**	(147)

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 19 to 25 are an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2019

	Note	Ordinary share capital £m	Accumulated losses £m	Total equity £m
Balance at 1 January 2018		210	(120)	90
Shares Issued	M	180	-	180
Total comprehensive loss for the period		-	(147)	(147)
Balance at 31 December 2018		**390**	**(267)**	**123**
Shares Issued	M & 10	**50**	**-**	**50**
Total comprehensive loss for the year		**-**	**(121)**	**(121)**
Balance at 31 December 2019		**440**	**(388)**	**52**

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 19 to 25 are an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2019

	Note	2019 £m	2018 £m
Assets			
Non-current assets			
Intangible assets	7	-	84
Current tax asset	L & 12	29	34
Current assets			
Prepayments and accrued income	I & 9	-	15
Receivables and other financial assets	I & 8	31	3
Cash and cash equivalents	K & 14	10	6
Total assets		70	142
Equity			
Ordinary share capital	M & 10	440	390
Accumulated losses	11	(388)	(267)
Total equity		52	123
Liabilities			
Current liabilities			
Payables and other financial liabilities	J & 13	18	19
Total liabilities		18	19
Total equity and liabilities		70	142

The financial statements were approved by the Board of Directors on 9 July 2020 and signed on its behalf by

T Latter
Director

Registered in England and Wales No. 09766150

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 19 to 25 are an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2019

	Note	2019 £m	2018 £m
Cash flows from operating activities			
Commission income received		**16**	38
Tax relief from fellow group companies		**35**	29
Operating expenses paid		**(51)**	(206)
Net cash generated from operating activities		**-**	(139)
Cash flows from investing activities			
Purchase of intangible assets	7	**(47)**	(49)
Net cash used in investing activities		**(47)**	(49)
Cash flows from financing activities			
Issue of ordinary share capital		**50**	180
Loans provided by parent		**1**	-
Net cash generated from financing activities		**51**	180
Net increase/(decrease) in cash and cash equivalents		**4**	(8)
Cash and cash equivalents at 1 January		**6**	14
Cash and cash equivalents at 31 December	14	**10**	6

The accounting policies (identified alphabetically) on pages 11 to 14 and notes (identified numerically) on pages 19 to 25 are an integral part of these financial statements.

Notes to the financial statements

1. Revenue

	2019 £m	2018 £m
Commission income	**119**	31
Service charge income	**35**	14
Introducer fees income	**1**	3
Total revenue	**155**	48

2. Operating expenses

	Note	2019 £m	2018 £m
Administration expenses		**(68)**	(93)
Commission expenses		**(58)**	(35)
Amortisation of intangible assets		**(45)**	(30)
External fees and consulting		**(27)**	(41)
Employee related expenses		**(21)**	(30)
Total		**(219)**	(229)

The employee related expenses recognised by the Company represent recharges attributable to the Company.

3. Employee information

The Company has no employees *(2018: Nil)*. All UK employees engaged in the activities of the Company are employed by subsidiary undertakings of Aviva plc, Aviva Employment Services Limited and Sesame Services Limited. Disclosures relating to employees may be found in the annual report and financial statements of these companies respectively.

4. Directors' remuneration

All directors, other than Ms Amey and Mr Clark, that served during the period under review were remunerated by Aviva Employment Services Limited, a fellow subsidiary of Aviva plc for their services to the Group as a whole. They were not remunerated for their services as directors of the Company and the amount of time spent performing their duties is incidental to their roles across the Group.

Ms Arney received a fee for her services as a Non-Executive Director of the Company and in addition received a fee in respect of her services as a Non-Executive Director of Aviva plc which are disclosed in the annual report and accounts for that company. Ms Arney was also a person discharging management responsibilities for Aviva plc.

Mr Clark receives a fee for his services as a Non-Executive Director of the Company and as Chairman of the Board and the Conduct and Operational Risk Committee. This fee is borne by the Company and is disclosed within the key management compensation in note 16(b).

During the year, 3 of the directors exercised share options (2018:1) and 8 of the Directors were granted shares under long term incentive schemes (2018: 6) in relation to shares of the Company's ultimate parent company, Aviva plc..

5. Auditors' remuneration

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

	2019 £	2018 £
Audit Services:		
Statutory audit of the Company's financial statements	**15,691**	13,717

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 accounts of Aviva plc. All fees have been borne by Aviva plc.

Notes to the financial statements (continued)

6. Tax credit

(a) Tax credited to the income statement

The total tax credit comprises:

	2019 £m	2018 £m
Current tax		
For this year	29	34
Total tax credited to income statement	29	34

(b) Tax credited to other comprehensive income

There was no tax credited or charged to other comprehensive income in either 2019 or 2018.

(c) Tax reconciliation

The tax on the Company's loss before tax is the same as the theoretical amount that would arise using the tax rate of the United Kingdom as follows:

	Note	2019 £m	2018 £m
Loss for the year before tax		(150)	(181)
Tax calculated at standard UK corporation tax rate of 19.00% (2018:19%)		29	34
Total tax credited to the income statement	6(a)	29	34

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, the changes in tax rates have no impact on the net assets of the Company as at 31 December 2019.

7. Intangible assets

	2019 £m	2018 £m
Gross amount		
Total at the beginning of the year	127	78
Additions	47	49
Total at end of the year	174	127
Accumulated amortisation		
Total at the beginning of the year	(43)	(13)
Amortisation for the year	(45)	(30)
Total at end of the year	(88)	(43)
Intangible impairment	(86)	-
Carrying value at 31 December	-	84

During the year, the Company transferred prepayments of £47 million *(2018: £49 million)* to intangible assets relating to build expenditure for the MyAviva Digital Platform. Following the change to the operating model, it was determined that the carrying value of intangible assets can no longer be supported in the Company, although these will be retained at a Group level. The impact of the consequent impairment of £75 million is reflected in the results for the year. The remaining £11 million of impairment relates to the termination of a development programme.

8. Receivables and other financial assets

	Note	2019 £m	2018 £m
Amounts owed by fellow Group companies	16(a)	31	3
Total at 31 December		31	3

Notes to the financial statements (continued)

9. Prepayments and accrued income

	2019 £m	2018 £m
Prepayments and accrued income	-	15
Total at 31 December	-	15

10. Ordinary share capital

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

	2019 Number of shares	2019 £m	2018 Number of shares	2018 £m
Allotted, called up and fully paid				
Ordinary shares of £1 each	**440,000,000**	**440**	390,000,000	390
Total at 31 December	**440,000,000**	**440**	390,000,000	390

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.

(b) Movements in ordinary share capital during the year are as follows:

	Number of shares	£m
Total at 1 January 2019	**390,000,000**	**390**
Issue of share capital -28 Feb 2019	**50,000,000**	**50**
Total at 31 December 2019	**440,000,000**	**440**

11. Accumulated losses

	2019 £m	2018 £m
Total at the beginning of the year/period	**(267)**	**(120)**
Loss for the year/period	**(121)**	(147)
Total at at end of the year/period	**(388)**	**(267)**

12. Current tax asset

Current tax

	2019 £m	2018 £m
Tax asset		
Expected to be receivable in more than one year	**29**	34
Net tax asset recognised in the statement of financial position	**29**	34

Tax assets are expected to be recovered by way of group relief from other group entities.

13. Payables and other financial liabilities

	Note	2019 £m	2018 £m
Amounts owed to fellow Group companies	16(a)	**18**	19
Total at 31 December		**18**	19

Notes to the financial statements (continued)

14. Cash and cash equivalents

Cash and cash equivalents in the Statement of Cash Flows at 31 December comprise:

	2019 £m	2018 £m
Cash at bank and in hand	10	6
Total at 31 December	**10**	6

15. Risk management

(a) Risk management framework

The Company operates in a manner consistent 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.

For the purposes of risk identification and measurement, and aligned to the Company's risk policies, 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 statement of financial position strength, liquidity and profit. They may also affect the performance of the products or services 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.

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.

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.

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

(b) Credit risk

Credit risk is the risk of financial loss as a result of the default or failure of third parties to meet their payment obligations to the Company, or variations in market values as a result of changes in expectation related to these risks. Credit risk is taken so that the Company can provide the returns required to satisfy policyholder liabilities and to generate returns to the Company's shareholders.

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

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

(i) Financial exposures to Group companies

The Company's financial assets are largely amounts due from fellow Group companies. The credit risk arising from Aviva Group counterparties failing to meet all or part of their obligations is considered remote.

(ii) Calculation of expected credit losses

The Company has no financial assets which are categorised such that lifetime expected credit losses are calculated or which are deemed to be credit impaired at the reporting date. The Company has not purchased or originated any credit-impaired financial assets as at the reporting date.

The Company makes use of the simplified approach when calculating expected credit losses on trade receivables which don't include a significant financing component, and therefore calculates expected credit losses over the lifetime of the instrument in question. As at the reporting date, no lifetime expected credit losses have been recognised in relation to trade receivables.

There are no financial assets past due or impaired in either 2019 or 2018.

Notes to the financial statements (continued)

15. Risk management (continued)

(c) Market risk

Market risk is the risk of adverse financial impact resulting, directly or indirectly, from fluctuations in interest rates, equity prices, foreign currency exchange rates, and property prices. Market risk arises due to fluctuations in both the value of liabilities and the value of investments held.

The management of market risk is undertaken at business unit and at Group level. Businesses manage market risks locally using the Group market risk framework and within local regulatory constraints. Group Capital is responsible for monitoring and managing market risk at Group level and has established criteria for matching assets and liabilities to limit the impact of mismatches due to market movements.

(d) Liquidity risk

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

Since its inception the Company has been reliant on financial support from the Group, which seeks to ensure that the Company maintains sufficient financial resources to meet its obligations as they fall due.

In extreme circumstances the Company would approach the Group for additional short-term borrowing whilst the Company liquidated other assets. Aviva plc maintains significant undrawn committed borrowing facilities of £1,650 million (*2018: £1,650 million*) from a range of leading international banks to mitigate this risk further.

Maturity analyses

All of the Company's liabilities, and the financial assets held to meet them are due within 1 year.

(e) Operational risk

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

The Company has limited appetite for operational risk and aims to reduce these risks as far as is commercially sensible.

As an insurance intermediary, regulated by the Financial Conduct Authority and digital distributor for other Aviva Group companies in the UK, the Company's principal operational risks are conduct, regulatory compliance and IT technology risks, including data security. These risks are mitigated by the Company's implementation of the Group's risk management policies and framework and compliance with the Aviva group-wide operational risk framework including the risk and control self-assessment process. Under the framework, businesses, including the Company, must be satisfied that all material risks falling outside their risk tolerances are being mitigated, monitored and reported to an appropriate level. Any risks with a high potential impact are monitored centrally on a regular basis. The Company uses key indicator data to help monitor the status of the risk and control environment. Management also identify and capture loss events; taking appropriate action to address actual control breakdowns and promote internal learning.

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

(f) Risk and capital management

The Company's capital risk is determined with reference to the requirements of the Company's stakeholders. In managing capital, the Company seeks to maintain sufficient, but not excessive, financial strength to support the requirements of stakeholders. The sources of capital used by the Company are equity shareholders' funds. At 31 December 2019 the Company had £52 million of total capital employed *(2018: £123 million)*.

(g) Exit of the UK from the EU & UK-EU Free Trade Agreement ("FTA") negotiations

In preparing for the end of the transition period on 31 December 2020 under the UK-EU withdrawal agreement, we have already taken the operational measures necessary to ensure continuous service to our customers irrespective of the outcome of UK-EU FTA negotiations. However, beyond 2020, the consequences of the UK's withdrawal from the EU on future financial services regulation and the UK economy will require careful monitoring.

Notes to the financial statements (continued)

15. Risk management (continued)

(h) Coronavirus

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 in which the Company operates 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.

The Company's balance sheet exposure has been reviewed and the Company continues to maintain a positive net asset value. Since the onset of the pandemic the Company has remained operational, with key activities such as transaction processing being maintained. As the situation is rapidly evolving it is not practicable to quantify the potential financial impact of the outbreak on the Company at this stage.

16. Related party transactions

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

(a) The Company had the following related party transactions

(i) Services provided to related parties

	Income earned in period £m	**2019 Receivable at period end £m**	Income earned in period £m	2018 Receivable at period end £m
Fellow Group companies	**155**	**31**	48	3

Income earned in the year (refer note 1) relates to commissions and fees receivable from fellow Group companies Aviva Life Services UK Limited, Aviva Insurance Limited and Aviva Health UK Limited.

(ii) Services provided by related parties

	Expenses incurred in the year £m	**2019 Payable at year end £m**	Expenses incurred in period £m	**2018** Payable at period end £m
Fellow Group companies	**(174)**	**(18)**	(200)	(19)

Expenses incurred in the year (refer note 2) relates to recharges payable to fellow Group companies Aviva Central Services UK Limited for IT and Marketing costs and Aviva Employment Services Limited for Staff and other employee related expenditure.

(iii) Audit fees

There were no non-audit fees paid to the Company's auditors during the year *(2018: £nil)*. Audit fees as described in note 5 are borne by the Company's ultimate parent, Aviva plc.

(iv) Group relief

Transactions with Group Companies for settlement of corporation tax assets and liabilities by way of group relief are described in note 12.

(b) Key management compensation

Key management, which comprises the directors of the Company, are not remunerated directly for their services as directors of the Company, other than Mr Clark and Ms Amey, and the amount of time spent performing their duties is incidental to their role across the Group. All such costs are borne by Aviva plc and the Company was recharged £1 million *(2018: £1 million)* in respect of services provided in the period (refer note 4).

The total compensation to Mr Clark is as follows:

	2019 £	2018 £
Aggregate emoluments	**55,000**	44,000

Notes to the financial statements (continued)

16. Related party transactions (continued)

(c) Parent entity

The immediate parent entity is Aviva Insurance Limited, a private limited company incorporated and domiciled in the United Kingdom.

(d) Ultimate parent entity

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

17. Subsequent events

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 in which the Company operates 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.

The Company's balance sheet exposure has been reviewed and the Company continues to maintain a positive net asset value. Since the onset of the pandemic the Company has remained operational, with key activities such as transaction processing being maintained. As the situation is rapidly evolving it is not practicable to quantify the potential financial impact of the outbreak on the Company at this stage.