Registered number: 09366434

Annual Report and Financial Statements 2022

# LV Repair Services Limited

## Contents

## Company Information

| | |
|---|---|
| **Directors** | S Treloar (resigned 30 June 2023)<br>K P Wenzel<br>The following director was appointed after the year end:<br>S Raffard (appointed 1 July 2023) |
| **Company secretary** | C M Twemlow |
| **Registered office** | 57 Ladymead<br>Guildford<br>Surrey<br>GU1 1DB |
| **Registered number** | 09366434 |
| **Independent Auditors** | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>7 More London Riverside<br>London<br>SE1 2RT |

# Strategic Report for the Year Ended 31 December 2022

The directors present their Strategic Report for the year ended 31 December 2022.

**Principal activities**

LV Repair Services Limited ("the Company") is a wholly owned subsidiary within the Allianz Holdings plc ("AZH") group of companies ("Allianz", "the Group") which is one of the largest general insurers in the United Kingdom measured by gross written premium. The Company's principal purpose is to provide repair engineering services to the policyholders of Liverpool Victoria Insurance Company Limited ("LVIC") and Highway Insurance Company Limited ("HICO").

**Business review**

The results for the year are set out in the Statement of Profit and Loss and Other Comprehensive Income on page 10. The profit after tax for the year amounted to £32,872k (2021: £13,308k).

During 2021, the Group was restructured to create two trading divisions, Allianz Personal and Allianz Commercial, supported by the integrated shared services of Finance, Risk and HR. This structure aligns with the distinct needs of our individual customer groups and gives more scope to benefit from shared knowledge and scale whilst simplifying our business and enabling a focus on specific segments. The products sold by the Company fall within the scope of the Allianz Personal wider division. This division includes Speciality products such as Animal Health and musical instruments.

**Key performance indicators**

The key performance indicators monitored by the Company are: profit before tax and total equity value. The 2022 results for the Company show a profit before taxation of £40,531k (2021: £16,378k). The total equity value at 31 December 2022 was £39,838k (2021: £6,966k).

**Principal risks and uncertainties**

The ongoing conflict in Ukraine alongside the high inflation in the UK continues to be a source of uncertainty for the Company. Management have reviewed the risks to the Company along with the wider macro-economic impacts of sanctions, information security threats and potential disruption to the supply chain.

Whilst the Company has no direct exposure to Russia or Ukraine, we are closely monitoring any impacts of events in Ukraine on claims' supply chains and inflation for our core Motor portfolio. During 2022, external factors including the crisis in Ukraine led to a material rise in claims inflation. The long-term effects are uncertain and dependent on the duration of the disruption.

Given the nature of the operations, the Directors do not consider there are any other significant risks and uncertainties facing the Company.

For further information on Capital management and risk management, please see note 15.

**Future Outlook**

No changes in the principal activity are anticipated in the foreseeable future.

Rising inflation in the wider economy particularly driven by rising energy costs could also present business challenges due to impacts on our customers and general upward pressure on the company's costs. The Company also recognises that in response to sanctions applied following the Russian military invasion of Ukraine, there is a risk of state sponsored cyber-attacks targeted at the UK. Through monitoring of emerging threats and identification of incidents, our organisational structure enables a coordinated response to cyber events within our local and global Crisis Management framework.

**Going concern**

We are confident in the Company's ability to continue as a going concern, as the Company continues to provide repair engineering services to fellow group undertakings. The business is well placed in managing the principal risks and uncertainties, has a strong financial, trading and capital position and is owned by one of the largest property and casualty insurers in the world.

# Strategic Report for the Year Ended 31 December 2022

**Section 172 (1) Companies Act 2006 Statement**

Section 172 (1) of the Companies Act 2006 requires the Directors of a Company to act in a way that promotes the success of the company for the benefit of its members as a whole. The Directors of the Company are committed to promoting a healthy corporate culture and understand that striving to achieve the Company's strategic aims will ultimately increase the value of the Company, its parent, the Group and the wider Allianz SE Group.

This statement sets out how the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duties. The Directors consider, both individually and collectively, they have acted in a way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in the decisions taken during the year.

The Company is a wholly owned subsidiary of Liverpool Victoria Insurance Company Limited, which is itself a wholly owned subsidiary of the Group, which is one of the largest general insurers in the UK measured by gross written premium.

As a result of the governance structure of the Group, strategic decisions and matters which affect the whole Group are considered by the Board of AZH or its committees to an appropriate extent for the Group as a whole. Certain Group stakeholders and their interests (including employees, community and the environment) are considered at and actions concerning them determined at a Group level by the AZH Board and its committees rather than at a subsidiary Board level. One of the Directors of the Company was also a director of the AZH Board during the year and ensured that Group-wide strategy and stakeholder considerations are communicated to the Company's Board.

As a wholly owned subsidiary of the Group and in line with the duty to promote the success of the Company for the benefit of its shareholder, the Company's Board must have regard to the overall strategy and direction of the Group, including the impact on broader stakeholders of the Group, when making decisions. Stakeholders, their interests and the manner in which the Company engages with them, are integral to how the Company conducts business. The Company's key stakeholders are its shareholder, other entities within the Group, suppliers, service providers and employees working in its business (who are employed by another entity within the Group) as well as wider stakeholders such as the local communities in which it operates. When strategic and operational matters are considered by the Company's Board, the Directors, in compliance with their section 172(1) duties, have regard to the Company's relevant stakeholders and their interests as well as the long term consequences of their decisions on the Company and the wider Group.

During 2022 the Company's Board met to approve the annual report and financial statements for the year ended 31 December 2021.

On behalf of the Board

K P Wenzel
Director

21 July 2023

# Directors' Report for the Year Ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

As permitted by section 414C(11) of the Companies Act 2006, certain information is not included in the Directors' Report because it has instead been shown in the Strategic Report. This information is:
• Results for the year;
• Principal activities of the Company;
• Business review and Future prospects;
• Principal risks and uncertainties.

**Directors**
The directors, who held office during the year and up to the date of signing this report, are as follows:

S Treloar (resigned 30 June 2023)

K P Wenzel

The following director was appointed after the year end:

S Raffard (appointed 1 July 2023)

**Directors' liabilities**
A qualifying third party indemnity was in force during the financial year and also at the date of approval of the financial statements.

**Results and dividends**
The results for the year are set out in the Statement of Profit and Loss and Other Comprehensive Income on page 10. A review of the Company's business activities and any likely future developments can be found in the Strategic Report on page 2.

No interim dividend was paid for the year ended 31 December 2022 (2021: £10,000,000). The Directors do not recommend the payment of a dividend for the year ended 31 December 2022 (2021: £nil).

**Future outlook**
The future outlook for the Company is outlined in the Strategic Report on page 2.

**Going concern**
The going concern assessment for the Company is outlined in the Strategic Report on page 2.

**Directors' responsibility to the stakeholders**

Details on how the Board has had regard to the need to foster the Company's business relationships with its stakeholders and the effect of that regard on the principal decisions taken by the Company's Board is contained in the section 172 statement on page 3.

**Streamlined Energy and Carbon Reporting ("SECR")**
The Company fulfils the statutory requirements for SECR which includes disclosure relating to carbon emissions. Under the Companies Act 2006 and SECR Regulations, 'Large' companies' are required to report their annual emissions in their Directors' report. It should be noted that the information disclosed relates to several entities within the LVGIG Group as this is the lowest level of granularity for which the data is collected. Information relating to the Company alone is not available and appropriate disclosure has been made by all Companies meeting the reporting requirement.

The SECR statement covers the reporting period 1 January 2022 to 31 December 2022 and has been prepared in line with the requirements of the Streamlined Energy and Carbon Reporting regulations and the relevant areas of the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard.

A 'Dual Reporting' methodology has been used to indicate emissions using UK electricity grid average emission factors (known as the 'Location Based' method), and also emissions using supplier specific generation emission factors (the 'Market Based' method).

# Directors' Report for the Year Ended 31 December 2022

‘Location based’ Method

The total energy consumption for 2022 was 5,934,775.67 kWh (2021: 7,558,823.81 kWh) equating to 1,209.792 tCO2e (2021: 1,626.702 tCO2e).

Carbon intensity: Emissions of tCO2e/full-time equivalent during 2022 was 0.319 tCO2e (2021: 0.393 tCO2e).

However, the Company's strategy has been to purchase renewable energy backed by Renewable Electricity Guarantees of Origin ("REGO") certificates. Through this strategy, within the above 2022 total energy consumption, the Company has sourced a total of 3,026,983.46 kWh (2021: 2,787,226.73 kWh) of REGO backed (zero emission) electricity equating to 100% (2021: 83.58%) of total electricity use.

'Market Based' Method

The total energy consumption for 2022 was 5,934,775.67 kWh (2021: 7,558,823.81 kWh) equating to 601.709 tCO2e (2021: 1,064.100 tCO2e).

Carbon intensity: Emissions of tCO2e/full-time equivalent during 2022 was 0.159 tCO2e (2021: 0.257 tCO2e).

Energy Efficiency actions taken during 2022:

- In the Bournemouth site the final meeting & training rooms across Frizzell House had LED’s installed which means all of LVGIGs space now has LED lighting.

Over 90% of the Group's waste is recycled. The Group's aim is to divert 100% of waste from landfill. This includes office closures where the aim is to repurpose or recycle old office equipment or donate this to local charities.

The Group is committed, via a Science Based Target, to being net zero in operations by 2030. This means reducing emissions by 70%, versus the 2019 baseline, by strengthening environmental management and sourcing 100% renewable electricity by 2023. The key drivers to delivering the emissions reduction target will be the shift to a fully electric corporate car fleet by latest 2030 and a reduction of 40% GHG emissions deriving from travel activities by 2025.

**Directors’ responsibility to the auditors**
So far as the Directors are aware, there is no relevant audit information of which the Company’s auditors are unaware. The Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

**Independent Auditors**
Pursuant to section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will have been deemed to be re-appointed as auditors at the end of 28 days beginning with the day on which copies of these report and financial statements are sent to the member.

On behalf of the Board

K P Wenzel
Director

21 July 2023

## Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

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

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

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

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

The directors are responsible for the maintenance and integrity of the company's financial statements published on Allianz UK's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

K P Wenzel
Director

21 July 2023

# Independent auditors' report to the members of LV Repair Services Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, LV Repair Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Statement of Profit and Loss and Other Comprehensive Income, Statement of Cash Flows, and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

#### Independence

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

### Conclusions relating to going concern

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

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

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

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

## Reporting on other information

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

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

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

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

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

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

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

### Auditors' responsibilities for the audit of the financial statements

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

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

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

- Discussions with the Board and management, including consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Board of Directors;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# Other required reporting

## Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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Matthew Nichols (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 July 2023

## Statement of Profit and Loss and Other Comprehensive Income
## For the Year Ended 31 December 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| Revenue | 3 | 240,256 | 153,464 |
| Investment income | 4 | 408 | 21 |
| **Total income** | | **240,664** | **153,485** |
| Cost of sales | 5 | (195,549) | (132,918) |
| Administrative expenses | 6 | (4,584) | (4,189) |
| **Total expenses** | | **(200,133)** | **(137,107)** |
| **Profit before tax** | | **40,531** | **16,378** |
| Income tax expense | 9.1 | (7,659) | (3,070) |
| **Profit for the year wholly attributable to the equity holder** | | **32,872** | **13,308** |

There has been no other comprehensive income in the year ended 31 December 2022 (2021: £nil).

The accounting policies and notes on pages 14 to 21 are an integral part of these financial statements.

# Statement of Changes in Equity
## For the Year Ended 31 December 2022

| | Share capital £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|
| At 1 January 2022 | 100 | 6,866 | 6,966 |
| Profit for the year | - | 32,872 | 32,872 |
| **At 31 December 2022** | **100** | **39,738** | **39,838** |

| | Share capital £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|
| At 1 January 2021 | 100 | 3,558 | 3,658 |
| Profit for the year | - | 13,308 | 13,308 |
| Dividend paid | - | (10,000) | (10,000) |
| **At 31 December 2021** | **100** | **6,866** | **6,966** |

The accounting policies and notes on pages 14 to 21 are an integral part of these financial statements.

## Statement of Financial Position
## As at 31 December 2022

| | Note | 2022 £'000 | Restated 2021 £'000 |
|---|---|---|---|
| **Assets** | | | |
| Accrued income | 11 | 8,127 | 3,438 |
| Trade and other receivables | 10 | 44,402 | 11,193 |
| **Total assets** | | **52,529** | **14,631** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 14 | (100) | (100) |
| Retained earnings | | (39,738) | (6,866) |
| **Total equity** | | **(39,838)** | **(6,966)** |
| **Liabilities** | | | |
| Trade and other payables* | 12 | (8,359) | (5,425) |
| Borrowings* | 13 | (2,638) | (1,448) |
| Income tax liability | 9.3 | (1,694) | (792) |
| **Total liabilities** | | **(12,691)** | **(7,665)** |
| **Total equity and liabilities** | | **(52,529)** | **(14,631)** |

*These items have been restated for 2021 due to presentational changes. For more information, please see the notes to the financial statements.

These financial statements on pages 10 to 21 were approved by the Board of Directors on 21 July 2023 and signed on its behalf by:

K P Wenzel
Director

**LV Repair Services Limited**
**Registered Number: 09366434**

21 July 2023

The accounting policies and notes on pages 14 to 21 are an integral part of these financial statements.

## Statement of Cash Flows
## For the Year Ended 31 December 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Profit before tax** | | **40,531** | **16,378** |
| **Adjusted for non-cash items** | | | |
| Interest income received | 4 | (408) | (21) |
| | | **40,123** | **16,357** |
| **Changes in working capital** | | | |
| Increase in trade and other receivables | 10 | (33,209) | (6,304) |
| Increase in accrued income | 11 | (4,689) | (2,902) |
| Increase in trade and other payables | 12 | 2,934 | 3,459 |
| **Cash generated from operations** | | **5,159** | **10,610** |
| Interest received | 4 | 408 | 21 |
| Income tax paid | 9.2 | (6,757) | (2,278) |
| **Net cash flow (used in)/generated from operating activities** | | **(1,190)** | **8,353** |
| **Cash flows from financing activities** | | | |
| Dividends paid | 16 | - | (10,000) |
| **Net decrease in cash and cash equivalents** | | **(1,190)** | **(1,647)** |
| **Cash and cash equivalents at the beginning of the year** | | **(1,448)** | **199** |
| **Cash and cash equivalents at end of year** | **13** | **(2,638)** | **(1,448)** |

The accounting policies and notes on pages 14 to 21 are an integral part of these financial statements.

### 1 ACCOUNTING POLICIES

**1.1 Company and its operations**
LV Repair Services Limited (the "Company") is a private company limited by shares, incorporated in England and Wales and domiciled in the United Kingdom.

**1.2 Statement of compliance**
The financial statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

**1.3 Basis of preparation**
The financial statements have been prepared on the historical cost basis.

The functional and presentational currency is British Pounds.

**Restatement**
Bank overdrafts have been reclassified to Borrowings from Trade and other payables as a result of alignment with the financial statements of other similar entities within the AZH Group. These have all been identified as restated within the financial statements and the respective notes.

**Going concern**
The financial statements have been prepared on a going concern basis. For more information on the going concern assessment please refer to Going Concern within the Strategic Report on page 2.

**New standards and interpretations adopted by the Company**
There are no new standards and interpretations affecting the Company that are mandatorily effective from 1 January 2022. The accounting policies have been consistently applied unless a new policy has been implemented.

**New standards and interpretations not yet adopted by the Company**
New standards and interpretations which are not mandatorily effective have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early; instead it will apply the standards from the effective date as determined by the date of UK Endorsement Board ("UKEB").

**1.4 Summary of significant accounting policies**
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Income taxes**
Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Profit and Loss and Other Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the Statement of Financial Position date, together with adjustments to tax payable in respect of prior years.

Deferred income tax is provided in full using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the Statement of Financial Position date. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantially enacted at the Statement of Financial Position date.

### 1 ACCOUNTING POLICIES (CONTINUED)

#### 1.4 Summary of significant accounting policies (continued)

**(a) Income taxes (continued)**

Deferred income tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets are reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Group tax losses are utilised when available. Consideration paid for group relief is accounted for in the financial statements as though the payment has been made to the relevant tax authorities.

**(b) Trade and other receivables**

Trade and other receivables are initially recognised and subsequently re-measured at amortised cost after taking into account any impairment losses. Trade and other receivables shall be derecognised when the contractual right to receive cash flows expire or when the asset is transferred.

An expected credit loss ("ECL") provision is assessed as at the Statement of Financial Position date and the carrying amount of the receivables balance is reported after deduction of any ECL.

The Company has adopted the "simplified approach" in determining the ECL. Under this approach, the ECL is calculated as the book cost of the receivables multiplied by a 1 year probability of default ("PD"), an appropriate loss given default ("LGD") and the number of days to maturity as a fraction of a year ("tenor").

**(c) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand with an original maturity of three months or less at the date of placement, free of any encumbrances.

**(d) Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are initially recognised and subsequently measured at cost because they are expected to be settled within twelve months and their carrying value is a reasonable approximation of fair value.

**(e) Revenue recognition**

Revenue relates to the administration of repair engineering services, which are invoiced at the point of completion of the services. Both revenue and the cost of sales are recognised at the point of completion of the services, which is when the performance obligation has been satisfied as per IFRS 15. The Company also accrues for negotiated allowances receivable from suppliers and partners.

**(f) Cost of sales**

Cost of sales relates to the cost of repair engineering services, which are invoiced at the point of completion of the services. Cost of sales are recognised at the point of completion of the services.

**(g) Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

### 2 USE OF CRITICAL ESTIMATES, ASSUMPTION AND JUDGEMENTS

The Company makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# Notes to the Financial Statements for the Year Ended 31 December 2022

## 3 REVENUE

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Rendering of services | 240,256 | 153,464 |

## 4 INVESTMENT INCOME

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Interest income | 408 | 21 |

## 5 COST OF SALES

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Cost of sales | 195,549 | 132,918 |

Cost of sales represents the cost incurred on 3rd party repair engineering services.

## 6 ADMINISTRATIVE EXPENSES

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Management fee | 4,584 | 4,138 |
| Other fees | - | 51 |
| | **4,584** | **4,189** |

## 7 AUDITORS' REMUNERATION

The total remuneration payable by the company excluding VAT, to its auditors in respect of the audit of these financial statements, is shown below. Other services supplied pursuant to legislation were £nil (2021: £nil).

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Fees payable for audit of the Company's financial statements | 29 | 25 |

## 8 DIRECTORS' EMOLUMENTS

The remuneration of K Wenzel is paid by Allianz Management Services Limited (“AMS”) and the remuneration of S Treloar is paid by LVGIG. LVGIG and AMS are Group Service companies and make no recharge to the Company for such costs. These individuals provide services to AZH and a number of its subsidiaries including the Company, and it is not possible to make an accurate apportionment of an individual’s remuneration in respect of their role as a Director of the Company. Accordingly, no remuneration is being disclosed for such individuals.

# Notes to the Financial Statements for the Year Ended 31 December 2022

## 9 INCOME TAX

### 9.1 Income tax recognised in the Statement of Profit and Loss

Tax charged in the profit and loss

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Current taxation** | | |
| UK corporation tax | 7,659 | 3,111 |
| UK corporation tax adjustment to prior periods | - | (41) |
| | **7,659** | **3,070** |

The tax on profit before tax for the year is lower (2021 - lower) than the standard rate of corporation tax in the UK of 19% (2021 - 19%).

The differences are reconciled below:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Profit before tax** | **40,531** | **16,378** |
| **Income tax at standard rate** | **7,701** | **3,111** |
| Decrease in current tax from adjustment for prior periods | - | (41) |
| Effect of imputed transfer pricing adjustments | (42) | - |
| **Total Income tax charge recognised in profit or loss** | **7,659** | **3,070** |

The UK Government announced its intention in the budget of 3 March 2021 to legislate to increase the rate of corporation tax from 19% to 25% with effect from 1 April 2023. This legislation was substantively enacted on 24 May 2021.

### 9.2 Tax paid for cash flow purposes

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Current tax liability at 1 January | 792 | - |
| Amounts charged to the income statement | 7,659 | 3,070 |
| Tax paid during the year | (6,757) | (2,278) |
| **Current tax liability at 31 December** | **1,694** | **792** |

### 9.3 Income tax liability

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Current tax liability** | **(1,694)** | **(792)** |

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 10 TRADE AND OTHER RECEIVABLES

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Cash pool | 42,054 | 11,000 |
| Amounts due from related parties | 2,273 | - |
| Other receivables | 75 | 193 |
| | **44,402** | **11,193** |

Trade and other receivables approximate to fair value. All other receivables are due within 12 months of the Statement of Financial Position date.

The Company has concluded that the ECL model has made no significant impact on the valuation of receivables reported in the financial statements.

### 11 ACCRUED INCOME

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Accrued income | 8,127 | 3,438 |
| | **8,127** | **3,438** |

Accrued income includes revenue relating to the administration of repair engineering costs that have been earned but not yet received.

All accrued income is receivable within one year of the Statement of Financial Position date.

### 12 TRADE AND OTHER PAYABLES*

| | 2022<br>£'000 | Restated<br>2021<br>£'000 |
|---|---|---|
| Accruals | 5,816 | 2,487 |
| Amounts due to related parties | - | 2,001 |
| Social security and other taxes | 2,543 | 937 |
| | **8,359** | **5,425** |

*Bank overdrafts of £1,448k have been reclassified into Borrowings.

Trade and other payables approximate to fair value. All of the liabilities are payable within 12 months of the Statement of Financial Position date.

Accruals includes cost of sales relating to repair engineering costs that have been incurred but not yet invoiced.

## 13 BORROWINGS

| | 2022 £'000 | Restated 2021 £'000 |
|---|---|---|
| Bank overdrafts* | 2,638 | 1,448 |

*Bank overdrafts of £1,448k have been reclassified from trade and other payables.

## 14 SHARE CAPITAL

**Allotted, called up and fully paid shares**

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | No. | £ | No. | £ |
| Ordinary shares of £1,000 each | 100 | 100,000 | 100 | 100,000 |

## 15 RISK MANAGEMENT POLICIES

This note presents information about the company’s exposure to financial risks and the company’s management of capital.

**Capital management**

The Company's capital risk is determined with reference to the requirements of the Allianz Holdings plc group. In managing capital, the Company seeks to maintain sufficient, but not excessive, financial strength to support the requirements of all stakeholders. The sources of capital used by the Company are equity shareholders’ funds. At 31 December 2022 the Company had £39,838k (2021: £6,966k) of total capital employed.

**Financial risk**

The key financial risk is that proceeds from the realisation of assets are insufficient to meet obligations as they fall due. The most important aspects of financial risk comprise market risk, credit risk and liquidity risk.

**Market risk**

Market risk is the risk that changes in market prices such as interest rate risks, foreign currency exchange rates and equity prices will affect the value of the Company's assets and income. The Company is not exposed to market risk as all invested assets are cash related and are not held for the purpose of generating investment income.

**Credit risk**

Credit risk is the risk that a counterparty will be unable to pay amounts due to the Company in full when they fall due. The Company is exposed to credit risk through its trade and other receivables and cash and cash equivalents.

The Company deems the risk associated with its trade and other receivables to be low as a large proportion of receivables are due from fellow Allianz SE Group subsidiaries and as such are A rated. Despite the other receivables being unrated, the Company deems the associated risk to be insignificant because these amounts are due from many separate counterparties and all receivables are due within 1 year. The Company deems the risk associated with its cash and cash equivalents to be low as the cash balances are held with a financial institution with an A credit rating.

### 15 RISK MANAGEMENT POLICIES (CONTINUED)

**Liquidity risk**

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. The Company is primarily exposed to liquidity risk through its amounts due to group undertakings and accruals. Liquidity risk for the Company is mitigated as the Company largely finances through intercompany transactions and the Company has sufficient liquid assets to meet its liabilities as they fall due.

### 16 DIVIDENDS

No interim dividend was paid for the year ended 31 December 2022 (2021: £10,000k). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: £nil).

### 17 PARENT AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Liverpool Victoria Insurance Company Limited ("LVIC"), a company registered in England and Wales.

The ultimate parent Allianz Societas Europaea ("Allianz SE") is incorporated in Germany and is the parent of the largest and smallest group of undertakings for which Allianz SE Group financial statements are drawn up and of which the Company is a member.

The most senior parent entity producing publicly available financial statements is Allianz SE. These financial statements are available upon request from Allianz SE, Königinstrasse 28, 80802 München, Germany

### 18 RELATED PARTY TRANSACTIONS

The Company enters into transactions with fellow group undertakings and key management personnel in the normal course of business. Details of transactions carried out during the year with related parties are as follows:

The following transactions have taken place between the Company and the LVGIG Group:

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Sales to Liverpool Victoria Insurance Company Limited | 222,918 | 138,502 |
| Sales to Highway Insurance Company Limited | 17,339 | 14,962 |
| Management charge payable to Liverpool Victoria General Insurance Group Limited | (4,585) | (4,138) |
| | **235,672** | **149,326** |

The following transactions took place between the Company and LVIC:

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Dividend to Liverpool Victoria Insurance Company Limited | - | (10,000) |
| | **-** | **(10,000)** |

Balances outstanding between the Company and group undertakings:

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| **Due from related parties at 31 December** | | |
| Payable from the Company to Liverpool Victoria Insurance Company Limited | - | (1,970) |
| Payable to the Company from Liverpool Victoria General Insurance Group Limited | 9,399 | 2,855 |
| **Total** | **9,399** | **885** |

The £9,399k above includes £7,126k of accrued income (2021: £2,855k includes £2,886k of accrued income).

### 19 SUBSEQUENT EVENTS

On 9 June 2023, the Board approved a dividend of £40,000k to be paid from the Company to LVIC.