Registered Number: 04521167

Annual Report and Financial Statements 2021

Allianz Business Services Limited

Directors:	H L Bryant
	R Corner (resigned October 21, 2022)
	E C Mallinson
	S C McGinn
Secretary:	R C Jack-Kee (resigned February 1, 2021)
	C M Twemlow (appointed February 1, 2021)
Registered Office:	57 Ladymead, Guildford, Surrey, GU1 1DB
Registered Number:	04521167

Strategic Report

The Directors present their Strategic Report for the year ended December 31, 2021.

Principal activities

Allianz Business Services Limited ("the Company") is a Financial Conduct Authority regulated insurance intermediary, which operates mainly in the commercial insurance sector in the United Kingdom. The Company is a specialist distributor of insurance products to small and medium sized enterprises.

The Company has operated a combination of continuing business underwritten by Allianz Insurance plc ("Allianz") under the 'Premierline' brand and newer insurance broking activities underwritten by Allianz and other insurers, under the 'Premierline Business Insurance Brokers' brand.

Business review

The results for the year are set out in the Statement of Comprehensive Income on page 10. The loss for the year amounted to £190k (2020: £35k profit). The loss for the year was a consequence of the reduction in revenue from insurance broking activities not being matched by reduced administrative expenses. The impact of the Coronavirus disease ('COVID-19') is noted in principal risks and uncertainties below.

Key performance indicators

The financial key performance indicators monitored by the Company are profit before tax, total equity and revenue. The loss before tax for the year amounted to £235k (2020: £43k profit) and the revenue for the year was £6,288k, a decrease of 10% on the 2020 revenue of £6,959k. The majority of the reduction in revenue was due to the Corporate Partners business which moved to another provider.

Management began to move the Premierline solus book with Allianz to a panel of insurers which saw a reduction in premium and also in the related commissions income. A planned restructure took place in April 2021 which resulted in a reduction in headcount linked to the business and £279k of restructuring expenses, there is an associated restructuring provision at year end of £37k. At the year end, the Company had total equity of £2,974k (2020: £3,164k restated).

The Company also monitors Capital Adequacy. In 2021, the Capital Resources requirement was £157k (2020: £170k). The Company ended the year with a surplus of £2,817k (2020: £2,994k restated) over the requirement.

Principal risks and uncertainties

The principal risks facing the Company are: (1) Conduct risk related to its regulated activity which is addressed by following the Allianz Holdings plc Group ("the Group") governance processes, (2) Dependency on Allianz as its primary source of business, which is being addressed by the development of its 'Premierline Business Insurance Brokers' insurance broking activities.

Strategic Report (continued)

Principal risks and uncertainties (continued)

The COVID-19 pandemic had little impact on the way in which the business operated. Through the shared governance of the Group, any operational risk is deemed to be minor and has been addressed by increasing homeworking capability and reducing non-priority activity. The financial risk continues to be minimal.

Future outlook

The core principal activity of the business continues, however the Premierline solus arrangement previously with Allianz moved to a broking panel during 2022. The Complete Insure brand is also in run off as focus moves to purely commercial customers. The uncertainties surrounding the COVID-19 pandemic are noted in principal risks and uncertainties.

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

Having performed a going concern assessment which included the evaluation of matters reported under 'Results and dividends' within the Directors' Report (page 4), the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

Section 172 (1) Companies Act 2006 Statement

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, that they have acted in a way which, 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.

As a result of the governance structure of the Group, of which the Company is a part, some strategic decisions and stakeholders interests (such as employees, community and the environment), are considered on a Group-wide basis by the board of Allianz Holdings plc or its committees (the "Group Board") rather than at a subsidiary Board level. One of the Company's Directors, S C McGinn, is a Director of the Group Board and ensures 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, its customers, its regulator (the Financial Conduct Authority) and employees working on its business (who are employed by another entity within the Group). The Board also consider wider stakeholders such as the local communities in which it operates.

The Company's Board meets at least quarterly. Additional ad hoc meetings are held if required. The Board considers all decisions put to it from the perspective of the Company and has regard to the Company's stakeholders and their interests. The Directors also consider the long term consequences of decisions on the Company and the wider Group. During the year the Board met to approve the Financial Statements for the year ended December 31, 2021 and in approving them considered the interests of all of its stakeholders, in particular its shareholder, Allianz Holdings plc. In addition, the Board regularly reviewed management information regarding commercial matters and strategy, compliance, governance and financial matters. The Board also received updates regarding the impact of the COVID-19 pandemic on its operations, during which it discussed the impact on various stakeholders including the Company's customers and maintaining services to them.

Strategic Report (continued)

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

During the year, the Board also approved entry into a new Intra-Group Framework Agreement amongst the companies in the Group. The Directors reviewed the agreement and noted that it would support the provision of personnel services to the Company and other services provided by Group companies to the Company as well as outsourced services provided to the Company through a contract with one Group company and external suppliers. These services would allow the Company to continue to meet the needs of its stakeholders. The Board considered that the agreement would promote the success of the Company for the benefit of its shareholder and approved entry into the agreement by the Company.

By order of the Board

S C McGinn

Director January

January 19, 2023

Directors' Report

The Directors present their report and the audited financial statements for the year ended December 31, 2021.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are shown on page 1.

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

During the year, R C Jack-Kee resigned as Company Secretary on February 1, 2021 and C M Twemlow was appointed as Company Secretary on February 1, 2021.

Results and dividends

The results for the year are set out in the Statement of 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. No interim dividend was paid for the year ended December 31, 2021 (2020: £nil). The Directors do not recommend the payment of a final dividend for the year ended December 31, 2021 (2020: £nil).

In cases where the Company, acting as an agent for the insurer, collects the full premium from policyholders, the gross amount receivable and the net amount payable has been recorded as at the acceptance date of the policy. The Directors have reviewed this approach and determined that only the commission element should have been recognised as a receivable balance given that the Company is not entitled to risks and rewards associated with this amount prior to receipt. Both trade and other receivables (£5,030k) and trade and other payables (£1,986k) have been overstated by the same amount. The Directors have insufficient accounting records to quantify the amount of the overstatement. There is net nil impact to Total equity of the Company. In addition to the above, the Directors have insufficient accounting records to substantiate that the "trade and other receivables" balance of £5,030k as at December 31, 2021 is fully recoverable. Following an initial investigation, it is believed that certain amounts within this balance will be irrecoverable and would need to be written off to the statement of comprehensive income as an administrative expense. The Board intend to conduct an extensive exercise to review the recoverability of the "trade and other receivables" balance to determine whether or not adjustments are required to the Company's accounting records. New credit control procedures have already been implemented. Whilst the Directors believe that the issue is restricted to trade and other receivables and administrative expenses, it could also impact revenue and retained earnings including the comparative information presented. Whilst the investigation is on-going, it is not possible to be more definitive about the impacts, albeit that the Directors are satisfied that there is no impact on the Company's ability to continue to operate as a going concern.

Future outlook

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

Going concern

The Directors going concern assessment has been outlined in the Strategic report on page 2.

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 be deemed to have been 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 Members.

By order of the Board

C M Twemlow, Company Secretary

January 19, 2023

Allianz Business Services Limited

Registered Number: 04521167

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 website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations
In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board

S C McGinn

Director

January 19, 2023

Independent auditors' report to the members of Allianz Business Services Limited

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph below, Allianz Business Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements 2021 (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Statement of 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 qualified opinion

The Directors have included amounts related to policyholder insurance premiums within the £5,030k of Trade and other receivables, and we understand that there are equal and opposite accounting entries included within £1,986k of Trade and other payables. The company is not contractually entitled to receive these amounts, and therefore they should not be recorded as an asset on the balance sheet, and no corresponding liability should be recorded until premium is received. The Directors have insufficient accounting records to substantiate what portion of these financial statement line items relate to this matter and they are consequently unable to quantify the value of the error, which could be material, albeit that writing these amounts off would not impact the Total equity of the company.

Furthermore, the Directors do not have adequate accounting records to substantiate the recoverability, and therefore the valuation, of Trade and other receivables totalling £5,030k, and consequently we have not been able to obtain sufficient and appropriate audit evidence. The Directors are conducting a detailed investigation into the recoverability of Trade and other receivables as certain amounts may not be recoverable. Therefore, a charge would need to be taken to the Statement of Comprehensive Income to write off these amounts, which would impact Administrative expenses, Retained losses, and potentially Revenue.

As a consequence, we have been unable to satisfy ourselves whether or not these matters have a material impact on the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the Statement of Cash Flows, including the comparative information presented.

The Directors have provided additional information on these matters in the Directors' Report and note 2 of the financial statements.

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 qualified opinion.

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, except for the possible effects of the matters referred to in the Basis for qualified opinion section above, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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 breaches of UK regulatory principles, such as those established by the Financial Conduct Authority ("FCA"), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant tax legislation. 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 inappropriate journal entries which may impact the financial performance and position of the company, management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Reading key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulation;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statements disclosures and testing to supporting documentation to assess compliance with applicable law and regulations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

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

In respect solely of the limitation on our work relating to Trade and other receivables, described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- in our opinion, adequate accounting records have not been kept by the company.

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

- 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.

Zahid Khan

Zahid Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 January 2023

Statement of Comprehensive Income

For the year ended December 31, 2021

	Note	*2021* *£'000*	*2020* *£'000*
Revenue	3	6,288	6,959
Administrative expenses	4	(6,523)	(6,916)
(Loss)/profit before tax		(235)	43
Income tax credit/(charge)	7(a)	45	(8)
(Loss)/profit and total comprehensive income for the year attributable to the equity holders		(190)	35

There has been no other comprehensive income in the year ended December 31, 2021 (2020: £nil).

Statement of Changes in Equity

For the year ended December 31, 2021

	Share capital	*Share premium*	*Restated[(1)]* *Retained losses*	*Restated[(1)]* *Total*
	£'000	*£'000*	*£'000*	*£'000*
Balance as at January 1, 2020	6,125	1,512	(4,561)	3,076
Impact of restatement (net of tax)[(1)]	-	-	53	53
Restated total equity at the beginning of the financial year	6,125	1,512	(4,508)	3,129
Profit and total comprehensive income for the year	-	-	35	35
Balance as at December 31, 2020	6,125	1,512	(4,473)	3,164
Loss and total comprehensive income for the year	-	-	(190)	(190)
Balance as at December 31, 2021	6,125	1,512	(4,663)	2,974

The accounting policies and notes on pages 13 to 21 are an integral part of these financial statements.

[(1)]For details of the restatement please refer to note 14.

Balance Sheet

As at December 31, 2021

			Restated[(1)(2)(3)]	*Restated*[(1)(2)(3)]
		2021	2020	2019
		£'000	£'000	£'000
Assets	*Note*			
Trade and other receivables[(2)]	10	5,030	6,164	8,087
Current tax assets	7(c)	28	-	-
Cash and cash equivalents	11	375	702	1,957
Total assets		5,433	6,866	10,044
Equity and Liabilities				
Equity attributable to equity holders of the parent				
Share capital	12	6,125	6,125	6,125
Share premium	12	1,512	1,512	1,512
Retained losses		(4,663)	(4,473)	(4,508)
Total Equity		2,974	3,164	3,129
Liabilities				
Trade and other payables	13	1,986	2,999	5,631
Provisions for other liabilities and charges[(2)]	15	464	674	1,198
Current tax liabilities[(3)]	7(c)	-	20	79
Accruals and deferred income[(1)]	14	9	9	7
Total liabilities		2,459	3,702	6,915
Total equity and liabilities		5,433	6,866	10,044

[(1)]For details of the restatement please refer to note 14.
[(2)]For details of the restatement please refer to note 10 and 15.
[(3)]For details of the restatement please refer to note 7(c).

The accounting policies and notes on pages 13 to 21 are an integral part of these financial statements.

These financial statements on pages 10 to 21 were approved by the Board of Directors on January 18, 2023 and signed on its behalf by:

S C McGinn

Director

Allianz Business Services Limited

Registered Number: 04521167

Statement of Cash Flows

For the year ended December 31, 2021

			Restated[1]
		2021	*2020*
	Note	*£'000*	*£'000*
Cash flows from operating activities			
(Loss)/ profit before tax		(235)	43
Decrease in trade and other receivables[1]	10	1,134	1,923
Decrease in trade and other payables	13	(1,013)	(2,632)
Increase in accruals and deferred income	14	-	2
Decrease in provisions for other liabilities and charges[1]	15	(210)	(524)
Income taxes paid	7(b)	(3)	(67)
Net cash flow from operating activities		(327)	(1,255)
Decrease in cash and cash equivalents		(327)	(1,255)
Cash and cash equivalents at the beginning of the year		702	1,957
Cash and cash equivalents at the year end		375	702

[1]For details of the restatement please refer to note 10 and 15.

The accounting policies and notes on pages 13 to 21 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2021

1. ACCOUNTING POLICIES

1.1. Company and its operations

Allianz Business 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.

Going concern

These financial statements are 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.

UK-adopted international accounting standards

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

New standards and interpretations adopted by the Company

There are no new standards and interpretations affecting the Company that are mandatorily effective from January 1, 2021. The accounting policies have been consistently applied unless a new policy has been implemented.

1.4 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the financial statements are set out in the following paragraphs.

(a) Income taxes

Income tax on the profit or loss for the year comprises current tax. Income tax is recognised in the Statement of Comprehensive Income. Current tax shall be recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss.

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

Group tax losses are utilised when available. Consideration paid for group relief is accounted for in the financial statements as though the payment had 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 expires or when the asset is transferred.

An expected credit loss ("ECL") provision is assessed as at the Balance Sheet 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").

Notes to the Financial Statements

For the year ended December 31, 2021

1. ACCOUNTING POLICIES (continued)

1.4 Summary of significant accounting policies (continued)
(c) Cash and cash equivalents

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

An ECL provision is assessed as at the Balance Sheet date and the carrying amount of the cash and cash equivalents 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 cash and cash equivalents multiplied by a 1 year PD, an appropriate LGD and tenor.

(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 is in respect of the distribution of insurance products to small and medium sized enterprises. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue is recognised when the performance obligation has been satisfied. The Company has five performance obligations within its revenue streams;

- Introduction of insurance business and processing renewals - the transaction price has been allocated to this obligation based on the average amount of time taken to introduce new business and process a renewal. This obligation is fully satisfied upon the introduction or renewal of insurance products and as such the revenue is recognised fully on the acceptance date of the underlying policy.
- Processing mid-term adjustments (relates to Complete Insure only) - the transaction price has been allocated to this obligation based on the average amount of time taken to process a mid-term adjustment. The Company believes that although the obligation is satisfied at a single point in time, an appropriate proxy is to consider the obligation, for a portfolio of policies, to be satisfied evenly over the coverage period of the insurance policy. As such the revenue is recognised on a straight-line basis over the coverage period.
- Administration fixed fee charged for mid-term adjustments - the transaction price has been allocated to this obligation based on a fixed fee rate per mid-term adjustment as outlined in the Company’s terms and conditions. This obligation is fully satisfied upon adjusting the policy and as such the revenue is recognised immediately.
- Provision of employment related services - the transaction price has been allocated to this obligation based on the total revenue received for performing the service. This obligation is fully satisfied upon performing the service and as such the revenue is recognised immediately.
- Introduction to a premium finance provider – the transaction price has been allocated to this obligation based on the finance commission received from the premium finance provider. This obligation is fully satisfied upon the introduction to the premium finance provider and as such the revenue is recognised fully on the acceptance date of the underlying insurance policy.

(f) Administrative Expenses

Administrative expenses incurred during the financial period are recognised as they are incurred.

(g) Contract liability

Contract liability is stated at cost. The contract liability recognised is the amount of revenue allocated to the performance obligations that fall after the Balance Sheet date. Contract liability is recognised as revenue as (or when) the Company performs under the contract. Typically payment will be due at the outset of the contract but the timing of satisfaction of the performance obligations can be spread over the life of the contract, which is usually one year. The further performance obligations are spread across the contract’s period, the higher the amount of revenue being deferred leading to a higher contract liability.

Notes to the Financial Statements

For the year ended December 31, 2021

1. ACCOUNTING POLICIES (continued)

1.4 Summary of significant accounting policies (continued)

(h) Provisions for other liabilities and charges

A provision is recognised when the Company has a present legal or constructive obligation, as a result of a past event, which it is probable, will result in an outflow of resources and when a reliable estimate of the amount of the obligation can be made. If the effect is significant, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects a current market assessment for the time value of money and, where appropriate, the risk is specific to the liability.
The Company recognises a provision for onerous contracts when the expected benefits to be derived from contracts are less than the unavoidable costs of meeting the obligations under the contracts.

2. USE OF CRITICAL ESTIMATES, ASSUMPTIONS 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. The Company does not consider any particular accounting policy or estimate to be susceptible to significant changes in estimates and assumptions.

In cases where the Company, acting as an agent for the insurer, collects the full premium from policyholders, the gross amount receivable and the net amount payable has been recorded as at the acceptance date of the policy. The Directors have reviewed this approach and determined that only the commission element should have been recognised as a receivable balance given that the Company is not entitled to risks and rewards associated with this amount prior to receipt. Both trade and other receivables (£5,030k) and trade and other payables (£1,986k) have been overstated by the same amount. The Directors have insufficient accounting records to quantify the amount of the overstatement. There is net nil impact to Total equity of the Company.

In addition to the above, the Directors have insufficient accounting records to substantiate that the “trade and other receivables” balance of £5,030k as at December 31, 2021 is fully recoverable. Following an initial investigation, it is believed that certain amounts within this balance will be irrecoverable and would need to be written off to the statement of comprehensive income as an administrative expense. The Board intend to conduct an extensive exercise to review the recoverability of the “trade and other receivables” balance to determine whether or not adjustments are required to the Company’s accounting records. New credit control procedures have already been implemented. Whilst the Directors believe that the issue is restricted to trade and other receivables and administrative expenses, it could also impact revenue and retained earnings including the comparative information presented. Whilst the investigation is on-going, it is not possible to be more definitive about the impacts, albeit that the Directors are satisfied that there is no impact on the Company’s ability to continue to operate as a going concern.

Notes to the Financial Statements

For the year ended December 31, 2021

3. REVENUE

(a) The Company derives revenue through the distribution of insurance products to small and medium size enterprises categorised in the following performance obligations:

	2021	Restated[1] 2020
	£'000	*£'000*
Introduction and renewal of insurance business	5,668	5,907
Processing mid-term adjustments	24	341
Administration fixed fee charged for mid-term adjustments	28	24
Provision of employment related services	-	1
Introduction to a premium finance provider[1]	568	686
Total	6,288	6,959

[1]During the year, management reconsidered the performance obligations of the Company. Previously, introductions to the premium finance provider had been combined with introduction of insurance business. These have now been disclosed as two distinct performance obligations. The introduction of insurance business and processing renewals has been restated from £6,593k to £5,907k. The introduction to a premium finance provider has been restated from £nil to £686k.

(b) The Company has recognised the following liabilities related to contract with customers:

	2021	Restated[1] 2020
	£'000	*£'000*
Processing mid-term adjustments	6	8
Total	6	8

[1]For details of the restatement refer to note 14.

4. ADMINISTRATIVE EXPENSES

	2021 £'000	2020 £'000
Recharge from Allianz Management Services Limited ("AMS")	6,227	6,834
Restructuring expenses	279	-
Other expenses	17	82
	6,523	6,916

5. EMPLOYEE RELATED COSTS

The Company has no employees and as such incurs no employee related costs.

6. 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. The Company's audit fees are borne by AMS. Other services supplied pursuant to legislation were £nil (2020: £nil).

	2021	2020
	£'000	*£'000*
Fees payable for the audit of the Company's financial statements	61	5

Notes to the Financial Statements

For the year ended December 31, 2021

7. INCOME TAX (CREDIT)/EXPENSE

(a) Income tax recognised in profit or loss

	2021	2020
Current tax:	£'000	£'000
In respect of the current year	(44)	8
In respect of prior years	(1)	-
Total income tax (credit)/expense recognised in the current year	(45)	8

The income tax (credit)/expense for the year can be reconciled to the accounting (loss)/profit as follows:

	2021	2020
	£'000	£'000
Loss before tax	(235)	43
Income tax credit calculated at 19% (2020: 19%)	(44)	8
Effect of prior year adjustments	(1)	-
Income tax credited to profit or loss	(45)	8

(b) Tax paid for cash flow purposes

The tax rate used for the 2021 and 2020 reconciliations above is the corporate tax rate payable by corporate entities in the UK on taxable profits under tax law in that jurisdiction. The standard rate of UK corporation tax was 19.0% for 2021.

		Restated[1]
	2021	2020
	£'000	£'000
Current tax payable at January 1	20	79
Amounts credited to the Statement of Comprehensive Income	(45)	8
Tax paid during the year	(3)	(67)
Current tax (receivable)/ payable at December 31	(28)	20

		Restated[1]
(c) Current tax (assets)/ liabilities	*2021*	*2020*
	£'000	£'000
Current tax (assets)/ liabilties	(28)	20

[1]For details of the restatement please refer to note 14.

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

Notes to the Financial Statements

For the year ended December 31, 2021

8. DIRECTORS' EMOLUMENTS

Two Directors (2020: four), out of four who were in office during the year, were remunerated for their roles as Directors of the Company during the year (2020: four). Details of their remuneration have been set out below:

	2021	*2020*
	£'000	*£'000*
Emoluments	249	447
Company pension contributions to defined contribution schemes	27	40
Number of Directors accruing benefits under defined contribution scheme	2	4
The amounts paid in respect of the highest paid Director are as follows:		
Emoluments	142	226
Company pension contributions to defined contribution schemes	15	25

The aggregate amount of compensation paid to past Directors in respect of loss of office included in the emoluments for 2021 is £nil (2020: £25k).

S C McGinn and H L Bryant provided services to the Company and other companies within the Allianz UK Group and it is not possible to make an accurate apportionment of their remuneration in respect of their roles as Directors of the Company. Accordingly, no remuneration is being disclosed for them. The remuneration of Directors is paid by AMS. AMS is a Group Services company and makes no recharge to the Company for such costs except where these have been disclosed within this note.

9. DIVIDENDS

No interim dividend was paid for the year ended December 31, 2021 (2020: £nil). The Directors do not recommend the payment of a final dividend for the year ended December 31, 2021 (2020: £nil).

10. TRADE AND OTHER RECEIVABLES

		Restated(1)
	2021	*2020*
	£'000	*£'000*
Trade receivables(1)	4,813	5,583
Amounts receivable from related party	-	242
Other receivables	217	339
	5,030	6,164

(1)During the year, management reviewed the historic level of recourse under the premium financing arrangement and determined that recognising a receivable due from the insurance provider and a provision due to the premium finance company would be appropriate to reflect expected future claims under the recourse agreement. Trade receivables were restated from £4,909k to £5,583k and the provision was restated from £nil to £674k.

Trade and other receivables approximate to fair value. All of the Company trade and other receivables are due within 1 year of the Balance Sheet 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. CASH AND CASH EQUIVALENTS

	2021	*2020*
	£'000	*£'000*
Cash and cash equivalents	375	702

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

Notes to the Financial Statements

For the year ended December 31, 2021

12. EQUITY

Share capital

	2021	*2020*
	£	£
Ordinary shares of £1 each authorised, issued and fully paid	6,124,640	6,124,640

Share premium

	2021	*2020*
	£	£
Share premium classified as fully paid	1,512,087	1,512,087

13. TRADE AND OTHER PAYABLES

	2021	*2020*
	£'000	*£'000*
Amounts payable to related party	394	2,169
Trade payables	1,474	773
Other payables	118	57
	1,986	2,999

Trade and other payables approximate to fair value. All of the balances are payable within one year of the Balance Sheet date.

14. ACCRUALS AND DEFERRED INCOME

		Restated[(1)]
	2021	*2020*
	£'000	*£'000*
Contract liability	6	8
Accruals and deferred income	3	1
	9	9

[(1)]Previously the Company had recognised revenue upon the inception date of the underlying insurance policy. During the year, management have reviewed the point at which the performance obligation has been met and determined that the acceptance date is more appropriate. The 2020 contract liability has been restated from £73k to £8k, the retained losses have been restated from £4,526k to £4,473k and the tax liability has been restated from £8k to £20k tax asset. The retained losses and the tax liability/ asset restatement is a combination of the above contract liability restatement and the restatement outlined in note 10.

15. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

		Restated[(1)]	*Restated[(1)]*
	Restructuring	*Clawback*	*Total*
	£'000	£'000	£'000
At January 1, 2020[(1)]	-	1,198	1,198
Provision released[(1)]	-	(524)	(524)
At December 31, 2020[(1)]	-	674	674
Provision recognised/ (released)[(1)]	37	(247)	(210)
At December 31, 2021[(1)]	37	427	464

Restructuring activity initiated in 2021 was not completed until early in 2022. The restructuring relates to the Corporate Partner Contract which ended in January 2022 and resulted in a reduction in headcount and associated severance costs.

[(1)]For details, please refer to note 10.

All of the liabilities are payable within one year of the Balance Sheet date

Notes to the Financial Statements

For the year ended December 31, 2021

16. RISK MANAGEMENT POLICIES

Capital management

The Company's capital risk is determined with reference to the requirements of the Group. In managing capital, the Company seeks to maintain sufficient, but not excessive, financial strength to support the payment of dividends and the requirements of all stakeholders. The sources of capital used by the Company are equity shareholders' funds. At December 31, 2021 the Company had £2,974k (2020: £3,164k restated) of total capital employed. The Company is a specialist distributor of insurance products to small and medium sized enterprises based in the United Kingdom. Its operations are primarily based in the United Kingdom hence any risk exposure is almost entirely confined within the United Kingdom.

The Company also monitors Capital Adequacy. In 2021, the Capital Resources requirement was £157k (2020: £170k). The Company ended the year with a surplus of £2,817k (2020: £2,994k restated) over the requirement.

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 rates, foreign currency exchange rates and equity prices will affect the value of the Company's assets and income. The Company is not directly exposed to market risk.

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 cash and cash equivalents and trade and other receivables.

The trade receivables are a combination of amounts due from the premium finance provider which the Company will pass to insurers and amounts of commission due to the Company. Despite the trade and other receivables being unrated, the Company is only exposed to credit risk on the commission element, which is due from regulated insurers and as such, the Company deems the associated risk to be immaterial. The Company also has amounts due from related parties, these are due from a fellow Allianz SE Group subsidiary and as such are AA- rated. The cash and cash equivalents are held with a financial institution with an A credit rating. All receivables are due within one year of the Balance Sheet date.

Liquidity risk

Liquidity risk is the risk that funds may not be available to settle obligations when they fall due. Liquidity risk for the Company is mitigated as the Company has sufficient liquid assets to meet its accruals and deferred income, tax payable and trade and other payables and provisions. All payable within one year of the Balance Sheet date.

17. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Allianz Holdings plc, a company registered in England and Wales.

The ultimate parent undertaking, 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.

Copies of the Allianz SE Group financial statements are available on request from the ultimate parent's registered address, Allianz SE, Königinstrasse 28, 80802 München, Germany.

Notes to the Financial Statements

For the year ended December 31, 2021

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:

		Restated[1]
	2021	*2020*
	£'000	*£'000*
Commission from related party	2,027	3,282
Administrative service expenses	6,227	6,834

The administrative service expenses disclosed above are expenses recharged from AMS.

Year-end balances arising from transactions carried out with related parties are as follows:

		Restated[1]
	2021	*2020*
	£'000	*£'000*
Due to related parties at December 31		
Other related parties	394	2,169

		Restated[1]
	2021	*2020*
	£'000	*£'000*
Due from related parties at December 31		
Other related parties	-	344

The Company considers its key management personnel to be the Directors only. Further information is disclosed in note 8.

All amounts due from and due to related parties are deemed to be settled within one year of the Balance Sheet date.

[1] The prior year amounts restated are due to the erroneous omission of balances that should have been disclosed. The commission from related party has been restated £3,264k to £3,282k, the amount due from other related parties has been restated from £242k to £344k.

19. SUBSEQUENT EVENTS

There have been no subsequent events after the Balance Sheet date.