Registered Number: 03007252

Annual Report and Financial Statements 2021

Home and Legacy Insurance Services Limited

Directors:	G E Davess (resigned July 13, 2021)
	F K Dyson
	A G Ewington
	K P O'Keeffe (appointed April 5, 2022)
	B O'Neill
	A P Reid (appointed March 19, 2021)
	S Treloar (appointed April, 5 2022)
	M Wooldridge
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:	03007252

Strategic Report

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

Principal activities

Home and Legacy Insurance Services Limited ("the Company") is a Financial Conduct Authority regulated insurance intermediary. The principal activity of the Company is an insurance broker and underwriting agent specialising in the distribution of household and motor insurance to the mid to high net worth market.

Business review

The results for the year are set out in the Statement of Comprehensive Income on page 10. The profit after tax for the year amounted to £339k (2020: £1,212k restated). Revenue decreased from £7,592k (restated) in 2020 to £6,586k in 2021 following a reduction in the number of insurers on the panel that the Company places business with. The Company also stopped placing motor insurance. The profit before tax in the year arose almost entirely from commission received for the introduction of insurance business to a panel of insurers, processing of mid-term adjustments and claims handling under a delegated authority less associated administrative expenses. An interim dividend of £4,000k was paid for the year ended December 31, 2021 (2020: £2,000k). 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, revenue and total equity. The profit before tax for the year amounted to £371k (2020: £1,482k restated), revenue was £6,586k (2020: £7,592k restated) and the total equity was £3,143k (2020: £6,804k restated).

The non-financial key performance indicators monitored by the Company are household conversion rates, household retention rate and policy count.

The household conversion rate for the year was 7% (2020: 10%) and is defined as the number of new business sales divided by the number of enquiries. The household retention rate for the year was 73% (2020: 71%) and is defined as the number of renewing policies divided by the number of policies available to renew. The policy count for the year is 13,606 (Restated 2020: 17,001).

The Company also monitors Capital Adequacy. In 2021, the Capital Resources requirement was £165k (2020: £190k restated). The Company ended the year with a surplus of £2,978k (2020: £6,614k restated) over the requirement.

Principal risks and uncertainties

The principal risks facing the Company are: (1) conduct risk related to its regulated activity; and (2) availability of insurance carriers for the Company to work with. In order to mitigate conduct risk, all staff complete compulsory annual regulatory training. Staff also complete the number of hours training required to comply with the Company's responsibilities under the Insurance Distribution Directive ("IDD") and in line with its commitments as a Chartered Insurance Broker. Whistle-blower contacts are well publicised to all staff.

Strategic Report (continued)

Principal risks and uncertainties (continued)

With regards to the insurers the Company places business with, the Company monitors the performance of its accounts with them, provides regular data updates and holds account review meetings to constructively manage the relationships.

The COVID-19 pandemic had minimal impact on the way in which the business operated. Through the shared governance of the Allianz Holding plc Group ("the Group"), any operational risk is deemed to be minimal and has been addressed by increasing homeworking capability and reducing non-priority activity. The financial risk continues to be minimal. For further information on capital management and risk management, please see Note 18.

Future outlook

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

After reviewing the composition of the Group's personal lines business and especially in the context of the Group's growth ambitions, the Directors' of the immediate parent have concluded that the Company was not core to the Group's strategy. Options for the future of the Company continue to be explored and could involve a sale.

Going concern

The directors of Allianz Holdings Plc are exploring options for the future of the company which may involve its sale. Should this occur, the intentions of a prospective buyer regarding the future of the company and its funding arrangements will not be known. As a consequence of this, there is material uncertainty that may cast significant doubt about the company's ability to continue as a going concern during the 12 month period subsequent to the approval of the financial statements. The forecasts prepared by management demonstrate there are adequate resources to support the Company for at least the next 12 months.

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. Two of the Company's Directors, F K Dyson and S Treloar, are Directors of the Group Board and ensure 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 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 longer term consequences of decisions on the Company and the wider Group.

Strategic Report (continued)

Principal decisions

During the year the Board received regular updates regarding its strategy and priorities, compliance, sales and marketing and financial matters. The Board regularly reviewed its financial and non-financial KPIs and also focused on customer service including call handling and monitoring. 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 customers and maintaining services to them and employees working within the business.

In addition, the Board considered the consequences of the COVID-19 pandemic on the Company and received updates on building a new pricing model and considered its plan, resourcing and customer impact. The Board considered that the new pricing model would promote the success of the Company for the benefit of its shareholder, Allianz Holdings plc.

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

F K Dyson

Director

December 1, 2022

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, C M Twemlow was appointed as Company Secretary on February 1, 2021. A P Reid was appointed as a Director on March 19, 2021 and G E Davess resigned as a Director on July 13, 2021. On April 5, 2022 K P O'Keeffe and S Treloar were appointed as Directors.

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 on page 1.

An interim dividend of £4,000k was paid for the year ended December 31, 2021 (2020: £2,000k). The Directors do not recommend the payment of a final dividend for the year ended December 31, 2021 (2020: £nil).

The Directors have insufficient accounting records to substantiate that a proportion of the £1,661k reported as "cash in respect of delegated authority" within the reported "cash and cash equivalents" amount of £4,217k on the balance sheet as at December 31, 2021 should be reallocated to the company's "Cash at bank and in hand". Following an initial investigation, it is believed that the unsubstantiated balance relates to aged transactions between claims funding accounts. The Board have engaged external expertise to undertake a thorough review and to substantiate historic cash and associated transactions to determine whether or not adjustments are required to the Company's accounting records. New claims funding procedures have already been implemented.

Whilst the Directors believe that the issue is restricted to cash and cash equivalents, it could impact trade and other receivables, trade and other payables, retained earnings, revenue and administrative expenses. Whilst the investigation is on-going, it is not possible to be more definitive about the impacts.

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

December 1, 2022

Home and Legacy Insurance Services Limited

Registered Number: 03007252

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

F K Dyson

Director

December 1, 2022

Independent auditors' report to the members of Home and Legacy Insurance Services Limited

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Home and Legacy Insurance 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 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 2021 (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows 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

During the course of our audit, it was identified that management has insufficient accounting books and records to substantiate their attestation that a portion of the £1,661k reported as "Cash in respect of delegated authority" within "Cash and cash equivalents" of £4,217k on the Balance Sheet as at December 31, 2021, should be reallocated to the company's "Cash at bank and in hand". Management has neither been able to evidence the value requiring reallocation nor demonstrate whether this impacts other financial statement line items. Therefore, in addition to Cash and cash equivalents, this could materially affect Revenue, Trade and other receivables, Trade and other payables, Administrative expenses, and Retained Earnings. As a result, we have been unable to satisfy ourselves that the potential impact of this matter is not material to 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 this matter in the Directors' Report.

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.

Material uncertainty related to going concern

Without further modifying our opinion on the financial statements, we have considered the adequacy of the disclosure made in note 21 to the financial statements concerning the company's ability to continue as a going concern. The forecasts prepared by management demonstrate that there are adequate resources to support the company for at least the next 12 months from the date of this report, however, Allianz Holdings plc is exploring options for the future of the company, which may involve its sale. It is understood that an agreement to sell to a prospective acquiring party could conclude within the 12 month period subsequent to the approval of the financial statements. The intentions of a prospective acquirer regarding the future of the company and its funding arrangements are not known. These conditions, along with the other matters explained in note 21 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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.

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 matter 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 Cash and cash equivalents, 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
2 December 2022

Statement of Comprehensive Income

For the year ended December 31, 2021

	Note	2021 £'000	Restated[1] 2020 £'000
Revenue[1]	3(a)	6,586	7,592
Administrative expenses	4	(6,226)	(6,173)
Interest income		17	70
Finance costs	7	(6)	(7)
Profit before tax[1]		371	1,482
Income tax expense[1]	8(a)	(32)	(270)
Profit and total comprehensive income for the year attributable to the equity holders[1]		339	1,212

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

[1] Prior year comparative information has been restated, for further details, please refer to note 3.

Statement of Changes in Equity

For the year ended December 31, 2021

	Note	Share capital £'000	Share premium £'000	Restated[1] Retained earnings £'000	Restated[1] Total £'000
Balance as at January 1, 2020		1	56	7,861	7,918
Impact of restatement (net of tax)	3	-	-	(326)	(326)
Restated total equity at the beginning of the financial year		1	56	7,535	7,592
Dividend paid	10	-	-	(2,000)	(2,000)
Profit and total comprehensive income[1]		-	-	1,212	1,212
Balance as at December 31, 2020[1]		1	56	6,747	6,804
Dividend paid	10	-	-	(4,000)	(4,000)
Profit and total comprehensive income		-	-	339	339
Balance as at December 31, 2021		1	56	3,086	3,143

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

[1] Prior year comparative information has been restated, for further details, please refer to note 3.

Balance Sheet

As at December 31, 2021

	Note	2021 £'000	Restated[1][2] 2020 £'000	Restated[1][2] 2019 £'000
Assets				
Intangible assets [1]	11	403	278	326
Property and equipment [1]	12	-	36	166
Right of use asset	13	349	436	523
Deferred tax assets	8(d)	160	130	112
Trade and other receivables	14	8,843	13,228	13,587
Cash and cash equivalents	15	4,217	5,903	6,813
Total assets		13,972	20,011	21,527
Equity and liabilities				
Equity attributable to equity holders of the parent				
Share capital	16	1	1	1
Share premium		56	56	56
Retained earnings[2]		3,086	6,747	7,535
Total equity		3,143	6,804	7,592
Liabilities				
Trade and other payables	17	9,149	11,365	11,643
Lease liability	13	356	442	527
Current tax liabilities[2]	8(c)	274	212	350
Contract liabilities[2]	3(b)	1,050	1,188	1,415
Total liabilities		10,829	13,207	13,935
Total equity and liabilities		13,972	20,011	21,527

(1) Prior year comparative information has been restated, for further details, please refer to notes 11 and 12.
(2) Prior year comparative information has been restated, for further details, please refer to note 3.

The accounting policies and notes on pages 13 to 27 are an integral part of these financial statements. These financial statements on pages 10 to 27 were approved by the Board of Directors on November 29, 2022.

F K Dyson

Director

Home and Legacy Insurance Services Limited

Registration Number: 03007252

Statement of Cash Flows

For the year ended December 31, 2021

	Note	*2021* *£'000*	*Restated[(1)(2)] 2020* *£'000*
Cash flows from operating activities			
Profit before tax[(2)]		371	1,482
Loss on sale of property and equipment		-	1
Amortisation of intangible assets [(1)]	11	146	173
Depreciation of property and equipment [(1)]	12	36	82
Depreciation of right of use asset	13	87	87
Interest expense on lease liability	7	6	7
Decrease in trade and other receivables	14	4,385	359
Decrease in trade and other payables	17	(2,216)	(278)
Decrease in contract liabilities[(2)]	3(b)	(138)	(227)
Cash generated from operations		2,677	1,686
Income tax transfer in respect of group relief	8(b)	-	(426)
Net cash inflow from operating activities		2,677	1,260
Cash flows from investing activities			
Proceeds from sale of property and equipment		-	47
Purchase of intangible assets [(1)]	11	(271)	(125)
Net cash outflow from investing activities		(271)	(78)
Cash flows from financing activities			
Dividends paid	10	(4,000)	(2,000)
Payment of lease liability	13	(92)	(92)
Net cash outflow from financing activities		(4,092)	(2,092)
Net decrease in cash and cash equivalents		(1,686)	(910)
Cash and cash equivalents at the beginning of the year	15	5,903	6,813
Cash and cash equivalents at the year end	15	4,217	5,903

(1) Prior year comparative information has been restated, for further details, please refer to notes 11 and 12.
(2) Prior year comparative information has been restated, for further details, please refer to note 3.

The accounting policies and notes on pages 13 to 27 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

Home and Legacy Insurance 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 the Going Concern section within the Strategic Report on page 2 and Note 21 on page 27.

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) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired separately from a business are carried initially at cost. The intangible asset shown in the Balance Sheet is a "Software as a Service" (SaaS) whereby the Company controls the asset. The Company capitalises the costs once it is clear that the intention is to make use of the asset, it will generate probable economic benefits and the Company recognises the use of the intangible asset.

Intangible assets with a finite life are amortised on a straight line basis over their expected useful lives, as follows:

Computer software	–	4 years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Costs associated with the development of software for internal use are capitalised only if the software is technically feasible for sale or use on completion and the Company has both the intent and sufficient resources to complete the development. Subsequent expenditure is capitalised only if the asset can be reliably measured, will generate future economic benefits and there is an ability to use or sell the asset. The cost is amortised over the expected useful life of the intangible asset on a straight line basis.

Notes to the Financial Statements

For the year ended December 31, 2021

1. ACCOUNTING POLICIES (continued)

1.4. Summary of significant accounting policies (continued)

(b) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all computer equipment and motor vehicles, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the Balance Sheet date, of each asset evenly over its expected useful life as follows:

Equipment and motor vehicles	–	4 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(c) Leases

Company as a Lessee

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made or incentives received at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove and restore the underlying asset and the site on which it is located.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The Company applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured by reducing the carrying amount to reflect lease payments and increasing the carrying amount to reflect interest on the lease liability. The carrying amount will also be adjusted to reflect any reassessment or lease modifications specified in the standard.

The lease term is determined as the non-cancellable period of a lease, together with options to extend or terminate which the Company deems as reasonably certain.

(d) Income taxes

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of 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 Balance Sheet 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 Balance Sheet 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 Balance Sheet date.

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.

Notes to the Financial Statements

For the year ended December 31, 2021

1. ACCOUNTING POLICIES (continued)

1.4. Summary of significant accounting policies (continued)

(e) Trade and other receivables

Trade and other receivables are initially recognised and subsequently remeasured 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 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").

(f) 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.

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.

(g) 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.

(h) Revenue recognition

Revenue represents retained brokerage and fees in respect of household intermediation services. 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 four 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 ("MTA") - 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.

Claims handling under a delegated authority - the transaction price has been allocated to this obligation based on claims handling costs as a proportion of total expenses. 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.

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.

(i) Administrative Expenses

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

Notes to the Financial Statements

For the year ended December 31, 2021

1. ACCOUNTING POLICIES (continued)

1.4. Summary of significant accounting policies (continued)

(j) Contract liability

The contract liability is stated at cost. The contract liability recognised is the amount of revenue allocated to the service period that falls after the Balance sheet date. The 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.

***(k) Interest* income**

Interest income is recognised in the Statement of Comprehensive Income as it accrues.

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 critical judgements, estimations and assumptions that the Directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below:

There are 3 key assumptions relating to how the transaction price is allocated to each performance obligation used to determine the revenue recognised in the year: i) the cost of the claims handling team is equal to 5% of the total Company expenses (2020: 6%), ii) 51% of policies are adjusted for during the policy year (2020: 40%) and iii) in 2021 the amount of effort in processing MTA's is 80% of the effort involved in processing new business & renewals (2020: amount of effort in processing MTA's is equal to that of new business & renewals). These assumptions are considered to be a key source of uncertainty as changes in the assumptions used may have a significant effect on the timing of revenue recognised and deferred by the Company. The sensitivity of that amount to changes in the assumptions is in note 18.

The Directors have insufficient accounting records to substantiate that a proportion of the £1,661k reported as "cash in respect of delegated authority" within the reported "cash and cash equivalents" amount of £4,217k on the balance sheet as at December 31, 2021 should be reallocated to the company's "Cash at bank and in hand". Following an initial investigation, it is believed that the unsubstantiated balance relates to aged transactions between claims funding accounts. The Board have engaged external expertise to undertake a thorough review and to substantiate historic cash and associated transactions to determine whether or not adjustments are required to the Company's accounting records. New claims funding procedures have already been implemented.

Whilst the Directors believe that the issue is restricted to cash and cash equivalents, it could impact trade and other receivables, trade and other payables, retained earnings, revenue and administrative expenses. Whilst the investigation is on-going, it is not possible to be more definitive about the impacts.

3. REVENUE

(a) Disaggregation of revenue from contracts with customers

The Company derives revenue through retained brokerage and fees in respect of household intermediation in the following performance obligations:

		Restated[(1)(2)]
	2021	*2020*
	£'000	*£'000*
Introduction of insurance business and processing renewals[(1)]	4,283	4,952
Processing mid-term adjustments[(1)]	1,818	2,019
Claims handling under a delegated authority	329	456
Introduction to a premium finance provider[(2)]	156	165
Total	6,586	7,592

(1) For details of the restatement refer to note 3(b).

Notes to the Financial Statements

For the year ended December 31, 2021

3. REVENUE (continued)

(2) 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 £3,509k to £4,952k, this is a combination of this restatement and restatement(1). The introduction to a premium finance provider has been restated from £nil to £165k.

(b) Liabilities related to contracts with customers

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

		Restated(1)
	2021	*2020*
	£'000	*£'000*
Processing mid-term adjustments(1)	889	969
Claims handling under a delegated authority	161	219
Total	1,050	1,188

Revenue recognised that was included in the contract liability balance at the beginning of the year:

		Restated(1)
	2021	*2020*
	£'000	*£'000*
Processing mid-term adjustments(1)	969	1,172
Claims handling under a delegated authority	219	243
Total	1,188	1,415

(1)During the year, management determined that the methodology for allocating the transaction price to performance obligations and subsequent recognition in line with those obligations being satisfied could be improved. In order to address this issue the revenue has been restated from £7,466k to £7,592k, the contract liabilities has been restated from £911k to £1,188k, the current tax liabilities has been restated from £265k to £212k and the income tax expense has been restated from £246k to £270k. This has impacted the retained earnings as at January 1, 2020 and December 31, 2020 as well as the profit and total comprehensive income for 2020. The retained earnings as at January 1, 2020 has been restated from £7,861k to £7,535k, the retained earnings as at December 31, 2020 has been restated from £6,971k to £6,747k and the profit and total comprehensive income has been restated from £1,110k to £1,212k.

4. ADMINISTRATIVE EXPENSES

		Restated(1)
	2021	*2020*
	£'000	*£'000*
Amortisation of intangible assets (1)	146	173
Depreciation of property and equipment (1)	36	82
Depreciation of right of use asset	87	87
Marketing costs	148	104
IT costs	587	613
Other costs	188	294
Restructuring costs	244	-
Recharge from Allianz Management Services Limited ("AMS")	4,790	4,820
Total administrative expenses	6,226	6,173

(1) The company previously recognised computer software as computer equipment and disclosed this on the Balance Sheet as Property and Equipment. The balance in the prior year has been reclassified and is recognised as Intangible Assets. There is no impact on the Company's 2020 results.

Notes to the Financial Statements

For the year ended December 31, 2021

4. ADMINISTRATIVE EXPENSES (continued)

Prior year comparative amounts have been restated to reflect the above matters, the table below shows the restatements:

	December 31, 2020 previously reported	*Restatement*	*December 31, 2020 restated*
Amortisation of intangible assets	-	173	173
Depreciation of property and equipment	255	(173)	82
	255	**-**	**255**

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 Allianz Management Services Limited. 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	64	8

7. FINANCE COSTS

	2021	*2020*
	£'000	*£'000*
Interest expense on lease liability	6	7
Total finance costs	6	7

8. INCOME TAX EXPENSE

(a) Income tax recognised in profit or loss

		Restated(1)
	2021	*2020*
Current tax:	*£'000*	*£'000*
In respect of the current year (1)	62	289
In respect of prior years	-	(1)
Total current tax(1)	62	288
Deferred tax:		
In respect of the current year	9	(7)
Adjustments to deferred tax attributable to changes in tax rates	(39)	(13)
In respect of prior years	-	2
Total deferred tax	(30)	(18)
Total income tax expense recognised in the current year (1)	32	270

Notes to the Financial Statements

For the year ended December 31, 2021

8. INCOME TAX EXPENSE (continued)

(a) Income tax recognised in profit or loss (continued)

The income tax expense for the year can be reconciled to the accounting profit as follows:

		Restated[1]
	2021	*2020*
	£'000	*£'000*
Profit before tax[1]	371	1,482
Income tax expense calculated at 19% (2020: 19%)[1]	70	282
Effect of expenses not deductible in determining taxable profit	-	49
Effect of capital allowances	-	(49)
Effect of prior year adjustment	-	1
Effect of change in tax rate	(38)	(13)
Income tax expense recognised in profit or loss[1]	32	270

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 will be 19% for 2022.

(b) Tax paid for cash flow purpose

		Restated[1]
	2021	*2020*
	£'000	*£'000*
Current tax liability at January 1 [1]	212	350
Amounts charged to the Statement of Comprehensive Income[1]	32	270
Movements in deferred tax asset in the Statement of Comprehensive Income	30	18
Transfer in respect of group relief	-	(426)
Current tax liability at December 31[1]	274	212

(c) Current tax liabilities

		Restated[1]
	2021	*2020*
	£'000	*£'000*
Current tax liabilities[1]	274	212

(d) Deferred tax balances

The following is the analysis of deferred tax assets presented in the Balance Sheet:

	2021	*2020*
	£'000	*£'000*
At January 1	130	112
Effect of capital allowances	30	18
At December 31	160	130

The deferred tax balance is all non-current.

Notes to the Financial Statements

For the year ended December 31, 2021

8. INCOME TAX EXPENSE (continued)

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.

(1) For details on the restatement please refer to note 3.

9. DIRECTORS' EMOLUMENTS

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

	2021	*2020*
	£'000	*£'000*
Emoluments	570	451
Company pension contributions to defined contribution schemes	48	45
The amounts paid in respect of the highest paid Director are as follows:		
Emoluments	201	172
Company pension contributions to defined contribution schemes	10	10

Four Directors (2020: four) are accruing benefits under defined contribution schemes.

F K Dyson and G E Davess 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 role as Directors of the Company. Accordingly, no remuneration is being disclosed for such individuals. G E Davess resigned as Director of the Company during the year.

The remuneration of the Directors is paid by Allianz Management Services Limited ("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.

10. DIVIDENDS

An interim dividend of £4,000k was paid for the year ended December 31, 2021 (2020: £2,000k). The Directors do not recommend the payment of a final dividend for the year ended December 31, 2021 (2020: £nil).

Notes to the Financial Statements

For the year ended December 31, 2021

11. INTANGIBLE ASSETS

	Computer software *£'000*
Cost:	
At January 1, 2020 *(Restated)* (1)	4,284
Additions *(Restated)* (1)	125
Disposals *(Restated* (1)	(3,744)
At December 31, 2020 *(Restated)* (1)	665
Additions	271
At December 31, 2021	936
Accumulated Amortisation:	
At January 1, 2020 *(Restated)* (1)	3,958
Amortisation charge for the year *(Restated)* (1)	173
Disposals *(Restated)* (1)	(3,744)
At December 31, 2020 *(Restated)* (1)	387
Amortisation charge for the year	146
At December 31, 2021	533
Carrying Amount	
At December 31, 2020 *(Restated)* (1)	278
At December 31, 2021	403

(1) The company previously recognised computer software as computer equipment and disclosed this on the Balance Sheet as Property and Equipment. The balance in the prior year has been reclassified and is recognised as Intangible Assets. There is no impact on the Company's 2020 results.

Prior year comparative amounts have been restated to reflect the above matters, the table below shows the restatements:

	January 1, 2020 previously reported	*Restatement*	*January 01, 2020 restated*	*December 31, 2020 previously reported*	*Restatement*	*December 31, 2020 restated*
Cost	-	4,284	4,284	-	-	4,284
Additions	-	-	-	-	125	125
Disposals	-	-	-	-	(3,744)	(3,744)
	-	**4,284**	**4,284**	**-**	**(3,619)**	**665**
Accumulated Amortisation	-	3,958	3,958	-	-	3,958
Amortisation charge	-	-	-	-	173	173
Disposals	-	-	-	-	(3,744)	(3,744)
	-	**3,958**	**3,958**	**-**	**(3,571)**	**387**
Carrying amount	**-**	**326**	**326**	**-**	**(48)**	**278**

Notes to the Financial Statements

For the year ended December 31, 2021

12. PROPERTY AND EQUIPMENT

	Restated[(1)] *Equipment*	*Motor Vehicles*	*Restated*[(1)] *Total*
	£'000	*£'000*	*£'000*
Cost:			
At January 1, 2020 ***(Restated)*** [(1)]	366	78	444
Disposals *(Restated)* [(1)]	(89)	(78)	(167)
At December 31, 2020 ***(Restated)*** [(1)]	277	-	277
Disposals	(277)	-	(277)
At December 31, 2021	-	-	-
Accumulated Depreciation:			
At January 1, 2020 ***(Restated)*** [(1)]	262	16	278
Depreciation charge for the year *(Restated)* [(1)]	69	13	82
Disposals *(Restated)* [(1)]	(90)	(29)	(119)
At December 31, 2020 ***(Restated)***	241	-	241
Depreciation charge for the year	36	-	36
Disposals	(277)	-	(277)
At December 31, 2021	-	-	-
At December 31, 2020 ***(Restated)*** [(1)]	36	-	36
At December 31, 2021	-	-	-

[(1)] The company previously recognised computer software as computer equipment and disclosed this on the Balance Sheet as Property and Equipment. The balance in the prior year has been reclassified and is recognised as Intangible Assets. There is no impact on the Company's 2020 results.

Prior year comparative amounts have been restated to reflect the above matters, the table below shows the restatements:

	January 1, 2020 previously reported	*Restatement*	*January 01, 2020 restated*	*December 31, 2020 previously reported*	*Restatement*	*December 31, 2020 restated*
Cost	4,728	(4,284)	444	4,728	(4,284)	444
Additions	-	-	-	125	(125)	-
Disposals	-	-	-	(3,911)	3,744	(167)
	4,728	**(4,284)**	**444**	**942**	**(665)**	**277**
Accumulated Depreciation	4,236	(3,958)	278	4,236	(3,958)	278
Depreciation charge	-	-	-	255	(173)	82
Disposals	-	-	-	(3,863)	3,744	(119)
	4,236	**(3,958)**	**278**	**628**	**(387)**	**241**
Carrying amount	**492**	**(326)**	**166**	**314**	**(278)**	**36**

Notes to the Financial Statements

For the year ended December 31, 2021

13. LEASE LIABILITY

The right of use asset below relates to the Company's office space.

	2021	*2020*
	£'000	*£'000*
At January 1	436	523
Depreciation charge for the year	(87)	(87)
At December 31	349	436

Amounts recognised in profit and loss:

	2021	*2020*
	£'000	*£'000*
Interest on lease liability	6	7
Depreciation charge	87	87

Lease Liability - Property

	2021	*2020*
	£'000	*£'000*
Current	88	86
Non-current	268	356
Total lease liability	356	442

Maturity analysis – contractual undiscounted cash flows:

	2021	*2020*
	£'000	*£'000*
Year 1	92	92
Year 2	92	92
Year 3	92	92
Year 4	92	92
Year 5	-	92
Total	368	460

14. TRADE AND OTHER RECEIVABLES

	2021	*2020*
	£'000	*£'000*
Trade receivables	5,645	5,998
Prepayments and accrued income	10	58
Amounts due from related parties	3,188	7,172
	8,843	13,228

Trade and other receivables are due within one 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.

Notes to the Financial Statements

For the year ended December 31, 2021

15. CASH AND CASH EQUIVALENTS

	2021	2020
	£'000	£'000
Cash at bank and in hand	2,556	3,867
Cash in respect of delegated authority	1,661	2,036
	4,217	5,903

Included in cash at bank and in hand is an amount of £1,857k (2020: £2,985k) which is held on behalf of clients under an appropriate risk transfer arrangement. 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.

16. SHARE CAPITAL

	2021	2020
	£	£
Ordinary shares of £1 each authorised, issued and fully paid	1,420	1,420

17. TRADE AND OTHER PAYABLES

		Restated(1)
	2021	2020
	£'000	£'000
Trade payables	2,352	2,893
Other creditors	1,415	2,009
Accruals	322	172
Amounts due to related parties (1)	5,060	6,291
	9,149	11,365

(1) The company previously recognised £5,841k related to amounts due to related parties as trade payables. The balance in the prior year has been reclassified and is recognised as amounts due to related parties. There is no impact on the Company's 2020 results.

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

18. 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 £3,143k (2020: £6,804k restated) of total capital employed.

The Company is an insurance intermediary and underwriting agent specialising in the distribution of household and motor insurance to the mid to high net worth market 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.

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.

Notes to the Financial Statements

For the year ended December 31, 2021

18. RISK MANAGEMENT POLICIES (continued)

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 amounts due from related parties and customers. The Company deems the risk associated with amounts due from Group related parties to be low as the amounts are due from fellow Allianz Societas Europaea ("Allianz SE") Group subsidiaries and as such are AA- rated. The cash balances are held with a financial institution with an AA credit rating. The trade receivables are a combination of premium due to the insurers and commission due to the Company. Despite the trade receivables, prepayments and accrued income being unrated, the Company is only exposed to credit risk on the commission element and as such, the Company deems the associated risk to be immaterial. All amounts due from related parties are due within 1 year and cash can be drawn upon immediately.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. The Company is exposed to liquidity risk through its property and equipment, right of use asset, trade and other payables, tax payable and contract liability.

Liquidity risk for the Company is mitigated as the Company has sufficient liquid assets to settle trade and other payables and tax payable as they fall due. The Company considers the liquidity risk associated with property, plant and equipment and right-of-use asset to be immaterial as the balance would not be required to meet the current obligations as the fall due. Contract liabilities are a non-cash item and therefore management consider the associated liquidity risk to be immaterial. The Company would be able to draw down from the liquid assets held elsewhere is the Group should the need arise. All balances payable are due within 1 year of the Balance Sheet date.

Revenue recognition risk

In allocating the transaction price to performance obligations, management have relied on historic experience. Management believe this is appropriate as the Company's revenue streams have remained consistent. More detail on how the transaction price has been allocated is disclosed in accounting policy (h).

Sensitivity analysis of changes in key assumptions relating to the amount of revenue allocated to each identified performance obligation and the impact on the contract liability:

% of revenue allocated to claims handling	Contract liability (2021) £'000	Restated[1] Contract liability (2020) £'000
+4%	1,114	1,261
+2%	1,082	1,225
Base	1,050	1,188
-2%	1,017	1,152
-4%	985	1,115

Notes to the Financial Statements

For the year ended December 31, 2021

18. RISK MANAGEMENT POLICIES (continued)

Revenue recognition risk (continued)

% of policies adjusted	Contract liability (2021) £'000	Restated[1] Contract liability (2020) £'000
+10%	1,138	1,289
+5%	1,094	1,239
Base	1,050	1,188
-5%	1,005	1,138
-10%	961	1,088

% of revenue allocated to new business & renewals	Contract liability (2021) £'000	Restated[1] Contract liability (2020) £'000
+4%	921	1,043
+2%	985	1,115
Base	1,050	1,188
-2%	1,114	1,261
-4%	1,178	1,334

(1) For details of the restatement, please refer to note 3.

19. 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

20. 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:

	2021	*2020*
	£'000	*£'000*
Commission received	4,921	5,355
Administration service fees	4,790	4,819
Dividend paid	4,000	2,000

The administrative service fees disclosed above are expenses recharged from Allianz Management Services Limited.

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

	2021	*2020*
Due from related parties at December 31	*£'000*	*£'000*
Other related parties	3,188	7,172

	2021	*2020*
Due to related parties at December 31	*£'000*	*£'000*
Other related parties	5,060	6,291

The Company considers its key management personnel to be the Directors only. Further information is disclosed in note 9.

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

21. SUBSEQUENT EVENTS

As described in the Going concern section within the Strategic Report on page 2, the immediate parent is exploring options for the future of the company which may involve its sale. Should this occur, the intentions of a prospective buyer regarding the future of the company and its funding arrangements will not be known. As a consequence of this, there is material uncertainty that may cast significant doubt about the company's ability to continue as a going concern during the 12 month period subsequent to the approval of the financial statements. The forecasts prepared by management demonstrate there are adequate resources to support the Company for at least the next 12 months.