COMPANY REGISTRATION NUMBER: 09366434

LV REPAIR SERVICES LIMITED

UNAUDITED REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS, OFFICERS AND REGISTERED OFFICE

Directors

R A Rowney	Resigned 31 December 2019
S Treloar	
J M Dye	

Company Secretary

M P Jones	Resigned 31 December 2019
R C Jack-Kee	Appointed 1 January 2020

Registered office

57 Ladymead,
Guildford,
Surrey,
England,
GU1 1DB

STRATEGIC REPORT

The Directors submit their annual report and the financial statements for LV Repair Services Limited (the 'Company') for the year to 31 December 2019.

1. Results and dividends
The profit for the financial year was £13,646,000 (2018: £10,012,000) as set out on page 7. The Directors have declared and paid £11,000,000 in dividends during the current year (2018: £8,000,000). See note 17 for further details.

2. Principal activities
The principal purpose of the Company is to provide repair engineering services to the policyholders of Liverpool Victoria Insurance Company Limited and Highway Insurance Company Limited.

3. Business review and developments

(a) Results and performance
During 2019 the Company has continued to support Liverpool Victoria General Insurance Group Limited ('LVGIG') in its long term strategic objectives and has net assets at year end of £14,710,000 (2018: £12,064,000).

(b) Strategy
The Company is a subsidiary of Liverpool Victoria Insurance Company Limited ('LVIC'), which in turn is a major subsidiary of LVGIG. The long term objective of LVGIG and its subsidiaries ('Group') is as follows:

"*Our vision remains to be Britain's best loved, achieving this through people centricity, maintaining our customer satisfaction and retention rates, and growth through outperformance particularly in the Motor market The strategy now includes the successful integration of the business acquired through the purchase of Fairmead Insurance Limited and realising benefits from the Allianz ownership of LVGIG"*

The Company is part of the repair engineering activities within this Group and supports the main operating entities in achieving the overall objective. The Directors do not anticipate any change in this status in the near future.

(c) Principal risks and uncertainties
Given the nature of the operations the Directors do not consider there are any significant risks and uncertainties facing the Company.

(d) Significant post statement of financial position events
Coronavirus (Covid-19): The global pandemic is a new and significant source of uncertainty for the business in 2020. The Group are closely monitoring the situation with senior leaders meeting on a regular basis to manage operational risk and responses. There is close alignment and interaction with Allianz to ensure the Company is operating in accordance with and benefiting from the wider Allianz Group response. Our values will drive our decision making as the Company works through this challenging time, with a focus on putting our people first and our customers at the heart of what we do. The key risks this presents are both operational and financial which are being actively monitored and managed on a regular basis. Regular communications are taking place across the organisation to keep all colleagues informed throughout the period of uncertainty. The risks are regularly being reviewed as new information emerges and the government response develops.

The operational risks from Covid-19 are largely being addressed by increasing homeworking capability and reducing non-priority activity. The Company predominantly acts as a pay-on use service for LVGIG customers who have insufficient cover. The government instruction for people to stay at home lead to fewer journeys being made and where that persisted through to May 2020, we saw significant reductions in motor recoveries.

STRATEGIC REPORT

The operational risks from Covid-19 on the Company itself are very minimal as our offices remain open for those key workers who are unable to work from home. Alongside this we prioritise a number of financial reporting and operational activities, as well as activities from other areas including IT which support these.

We are working closely with key suppliers to understand and manage the impact of Covid-19 on our supply chain. The reduced demand allows these companies to operate with their own diminished operational capabilities but equally puts financial pressure on many of them.

(e) Key performance indicators ('KPIs')
The Directors use the following performance measures to monitor and manage the business:

- Gross Profit Margin Ratio - Current 9.88% (2018: 8.69 %)

s.172 Statement
The Company is managed by the LVGIG Board. Information on how the LVGIG Board discharges its duties under s.172(1) (a) to (f) of the Companies Act 2006 can be found within the Strategic Report on page 13 of the 2019 Annual Report and Accounts for LVGIG.

On behalf of the Board of Directors

S. Treloar

S Treloar
Director
1st December 2020

DIRECTORS' REPORT

As permitted by section 414C(11) of the Companies Act 2006, certain information is not included in the Directors' Report because it has instead been shown in the Strategic Report. This information is:

- Results and dividends;
- Principal activities of the Company;
- Business review and future prospects;
- Principal risks and uncertainties.

1. Directors and their interests

The present members of the Board and the members who were in office during the year are listed on page 3.

2. Parent company

The Company is a wholly owned subsidiary of LVIC, which is in turn wholly owned by LVGIG. LVGIG is a wholly owned subsidiary of Allianz Holdings plc. The ultimate parent company is Allianz SE a European multinational financial services company headquartered in Munich, Germany.

During 2017, the then intermediate holding company, LV Capital Limited (formerly LV Capital plc) sold a 49% stake in LVGIG to Allianz Holdings plc, with the final 51% stake in LVGIG being sold to Allianz Holdings plc in 2019.

3. Employees

The Company did not directly employ any staff during 2019. Instead it utilised the staff of LVGIG and premises of Liverpool Victoria Friendly Society Limited ('LVFS') in carrying out its activities. Staff costs and the cost of premises were recharged from LVGIG through a management charge. In addition some services have been provided by Allianz Holdings plc where services have transitioned from LVFS.

4. Directors' indemnity statement

The Directors had the benefit of an indemnity which constitutes a "qualifying third party indemnity provision" as defined by Section 234 of the Companies Act 2006. The indemnity was in force during the last financial year. LVGIG also purchased and maintained throughout the financial year on behalf of its subsidiaries Directors' and Officers' liability insurance in respect of the Company and its Directors.

5. Directors' responsibilities statement

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT

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

Approved by the Board of Directors and signed by order of the Board

R C Jack-Kee
Company Secretary

1st December 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Revenue	3	**170,460**	142,147
Investment Income	4	**104**	92
Total income		**170,564**	142,239
Cost of sales	5	**(150,190)**	(126,311)
Admin Expense	6	**(3,527)**	(3,568)
Total expenses		**(153,717)**	(129,879)
Profit before tax		**16,847**	12,360
Income tax expense	9	**(3,201)**	(2,348)
Profit for the financial year		**13,646**	10,012
Total comprehensive income for the year		**13,646**	10,012

All balances relate to continuing activities.

The notes on pages 12 to 20 are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

		Attributable to equity holders of the Company		
		Share capital	**Retained earnings**	**Total**
	Note	**£000**	**£000**	**£000**
Balance at 1 January 2019		**100**	**11,964**	**12,064**
Dividends	17	**-**	**(11,000)**	**(11,000)**
Profit for the financial year	17	**-**	**13,646**	**13,646**
Balance at 31 December 2019		**100**	**14,610**	**14,710**

		Attributable to equity holders of the Company		
		Share capital	Retained earnings	Total
		£000	£000	£000
Balance at 1 January 2018		100	9,952	10,052
Dividends	17	-	(8,000)	(8,000)
Profit for the financial year	17	-	10,012	10,012
Balance at 31 December 2018		100	11,964	12,064

The notes on pages 12 to 20 are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Assets			
Financial assets			
- Fair value through income	10	**18,323**	15,385
Loans and other receivables	11	**46**	87
Prepayments and accrued income	12	**597**	843
Total assets		**18,966**	16,315
Liabilities			
Trade and other payables	14	**2,875**	1,903
Current tax liability	15	**1,381**	2,348
Total liabilities		**4,256**	4,251
Equity			
Share capital	16	**100**	100
Retained earnings	17	**14,610**	11,964
Total equity		**14,710**	12,064
Total liabilities and equity		**18,966**	16,315

The notes on pages 12 to 20 are an integral part of the financial statements.

Audit exemption statement

For the year ending 31 December 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 ('Act') relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of the accounts for the year in question in accordance with section 476 of the act; and

- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The unaudited financial statements on pages 8 to 11 were approved by the Board of Directors on 1st December 2020 and signed on its behalf by:-

S Treloar
Director
1st December 2020

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Cash and cash equivalents at 1 January	13	**(1,108)**	(319)
Cash flows arising from:			
Operating activities			
Cash generated from operating activities	18	**18,347**	12,876
Net increase in investments held at fair value through income	10	**(2,938)**	(3,899)
Group relief paid	15	**-**	(62)
Income tax paid	15	**(4,168)**	(1,796)
Net cash flows generated from operating activities		**11,241**	7,119
Investing activities			
Interest on loans and receivables	4	**104**	92
Net cash flows generated from investing activities		**104**	92
Financing activities			
Dividends paid	17	**(11,000)**	(8,000)
Net cash used in financing activities		**(11,000)**	(8,000)
Net increase / (decrease) in cash and cash equivalents		**345**	(789)
Cash and cash equivalents at 31 December	13	**(763)**	(1,108)

The notes on pages 12 to 20 are an integral part of the financial statements.

1. General information

LV Repair Services Limited is a private company limited by shares, domiciled and incorporated in the United Kingdom. The principal purpose of the Company is to provide repair engineering services to the policyholders of Liverpool Victoria Insurance Company Limited and Highway Insurance Company Limited.

2. Accounting policies

BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and interpretations issued by the IFRS Interpretations Committee as published by the International Accounting Standards Board and adopted by the European Union ('EU'). In addition the financial statements comply with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value. Items included in the financial statements are measured using the currency of the primary economic environment (the 'functional currency') which is sterling. Unless otherwise noted, the financial statements are presented in sterling (the 'presentation currency').

The preparation of the financial statements in conformity with IFRS requires the use of estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The Company has not used any significant estimates or judgements in preparing the financial statements in conformity with IFRS.

The principal accounting policies adopted are listed below. These policies have been consistently applied to all years presented, unless otherwise stated.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Revenue

Revenue relates to the administration of repair engineering services, which are invoiced at the point of completion of the services. Both revenue and the cost of sales are recognised at the point of completion of the services.

Investment income

Investment income includes dividends and interest from investments at fair value through profit and loss. Dividends are included on an ex-dividend basis. Interest receivable from investments at fair value through profit and loss is accounted for on an accruals basis. Investment expenses are accounted for as incurred.

2. Accounting policies (continued)

Income tax expense
The income tax expense reflects the movement in current and deferred income tax in respect of income, gains, losses and expenses and is recorded in the Statement of Comprehensive Income ('SOCI') represents the current year corporation tax charge. Corporation tax is charged on trading profits arising in the year.

Current income tax
Current income tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Statement of Financial Position ('SOFP') date.

Financial assets at fair value through profit and loss
Investments classified as fair value through profit and loss ('FVTPL') relate to holdings in unit trusts and as such are required to be classified as FVTPL by nature of the investment.

Such assets are valued at market prices, or prices consistent with market ratings should no price be available. Day one gains or losses are recognised only where valuations use data from observable markets. Any unrealised or realised gains or losses are taken to the Statement of Comprehensive Income, as fair value gains or losses, or realised gains or losses respectively, as they occur.

Loans and other receivables
Receivables are amounts due for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. A loss allowance is calculated in respect of Receivables as explained in the accounting policy on impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents are as defined above but are shown net of outstanding bank overdrafts.

Trade and other payables
Trade and other payables are recognised as they fall due. They are initially recognised at fair value and subsequently held at amortised cost.

Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets.

Dividend distribution
Dividend distribution to the Company's equity shareholder is recognised in equity in the year in which the dividend is paid.

CHANGES IN ACCOUNTING POLICIES

a) **New standards adopted**

The following new standards have been adopted by the European Union ('EU') for accounting periods beginning on or after 1 January 2019, and have been adopted by the Company:

i) New standards and interpretations

IFRS 9, 'Financial instruments' has been adopted from 1 January 2018 and addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit and loss ('FVTPL'). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL with the irrevocable option at inception to present changes in fair value in other comprehensive income without recycling. There is a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

Classification and measurement
Until 31 December 2017, the Company classified its financial assets in the following categories:

- financial assets at fair value through profit or loss; and
- short-term trade receivables.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition.

Subsequent to initial recognition, financial assets at FVPL were carried at fair value and short-term trade receivables were carried at invoiced amount less impairment. Gains or losses arising from changes in the fair value and interest income were recognised in profit or loss within investment income.

On 1 January 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The Company only invested in unit trusts and held short-term trade receivables. The investment in unit trust continues to be classified as Fair Value through Profit and Loss due to the nature of the investment. The Company has taken the exemption for short-term trade receivables to continue to measure these at the invoiced amount; relevant loss allowances are reported separately.

Impairment
The Company assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

On adoption of IFRS 9, the Company applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

b) Amendments to standards

Other than as set out above, no new or amended accounting standards and interpretations were adopted for the 2019 financial year.

3. Revenue

	2019 £000	2018 £000
Total Revenue	**170,460**	142,147

4. Investment Income

	2019 £000	2018 £000
Income from investments and cash and cash equivalents		
- Interest Income	**104**	92
	104	92

5. Cost of Sales

	2019 £000	2018 £000
Total Cost of Sales	**150,190**	126,311

6. Admin Expense

	2019 £000	2018 £000
Management Charge	**3,414**	3,304
Other Fees	**113**	207
Subscriptions	**-**	57
	3,527	3,568

7. Auditors' remuneration

	2019 £000	2018 £000
Audit of the Company	**-**	19
	-	19

8. Directors' emoluments

The emoluments of the directors are paid by an intermediate parent company LVGIG, which makes no recharge to the Company. The directors are also directors of LVGIG (and a number of fellow subsidiaries) and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments. Total emoluments for the relevant directors are included in the aggregate of Directors' emoluments disclosed in the financial statements of LVGIG.
.

9. Income tax expense

a) Current year tax expense

	2019 £000	2018 £000
Current tax expense:		
Corporation tax	**3,201**	2,348
Total current tax	**3,201**	2,348
Total income tax expense	**3,201**	2,348

The tax assessed for the period is equal to the effective rate of corporation tax in the UK of 19.00% (2018: 19.00%).

10. Financial Assets

	2019 £000	2018 £000
Fair value through income		
Shares, other variable yield securities and units in unit trusts	**18,323**	15,385
	18,323	15,385

Financial assets held at fair value through income, is an investment in the Blackrock Liquidity Fund which is deemed to be available within one year and is not impaired.
All financial assets recorded at fair value are classified as Level 1 in the fair value hierarchy.

11. Loans and other receivables

	2019 £000	2018 £000
Other receivables	**46**	87
	46	87

All receivables are available within one year.

12. Prepayments and accrued income

	2019 £000	2018 £000
Accrued income	**597**	794
Prepayments	**-**	49
	597	843

13. Cash and cash equivalents

	2019 £000	2018 £000
Bank balances	**-**	-
Cash and cash equivalents per statement of financial position	**-**	-
Non-offsettable Bank overdrafts	**(763)**	(1,108)
Cash and cash equivalents per statement of cash flows	**(763)**	(1,108)

All cash balances are payable within one year

14. Trade and other payables

	2019 £000	2018 £000
Trade and other payables:		
Bank Overdrafts	**763**	1,108
VAT	**401**	479
Amounts due to Group undertakings	**1,703**	304
Accruals	**8**	12
	2,875	1,903

All trade and other payables are due within one year.

15. Current tax liability

	2019 £000	2018 £000
Balance at 1 January	**2,348**	1,858
Amounts recorded in the statement of comprehensive income	**3,201**	2,348
Payments made in respect of group relief	**-**	(62)
Income tax paid	**(4,168)**	(1,796)
	1,381	2,348

16. Share capital

	2019 £000	2018 £000
Ordinary shares, allotted and fully paid		
100 ordinary shares (2018:100) of £1,000 each	**100**	100
	100	100

All authorised shares have been issued.

17. Retained Earnings

	2019 £000	2018 £000
Balance at 1 January	**11,964**	9,952
Profit for the year	**13,646**	10,012
Dividends paid	**(11,000)**	(8,000)
Balance at 31 December	**14,610**	11,964

18. Cash generated from operating activities

	2019 £000	2018 £000
Profit before tax	**16,847**	12,360
Investment income	**(104)**	(92)
Non-cash items		
Changes in working capital		
Decrease in loans and other receivables	**41**	238
Decrease in prepayments and accrued income	**246**	337
Increase in trade and other payables	**1,317**	33
Cash generated from operating activities	**18,347**	12,876

19. Related party transactions

The Company did not enter into transactions with key management personnel. Details of significant transactions carried out during the year with related parties are as follows:

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

	2019	2018
	£000	£000
Sales to Liverpool Victoria Insurance Company Limited	**152,940**	130,184
Sales to Highway Insurance Company Limited	**17,520**	11,963
Management charge payable to Liverpool Victoria General Insurance Group Limited	**(2,580)**	(3,304)
Management charge payable to LV Insurance Management Limited	**(834)**	-
	167,046	138,843

The following transactions took place between the Company and LVIC:

	2019	2018
	£000	£000
Dividend to Liverpool Victoria Insurance Company Limited	**(11,000)**	(8,000)
	(11,000)	(8,000)

Balances outstanding between the Company and LVGIG:

	2019	2018
	£000	£000
Payable from the Company (to)/from group undertakings	**1,703**	304
	1,703	304

20. Ultimate parent company

The ultimate parent undertaking, Allianz SE, is incorporated in Germany and is the parent of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member.

The immediate parent company is LVIC, a limited liability company, incorporated in the UK.

The immediate parent company is registered at the address below.

57 Ladymead,
Guildford,
Surrey,
England,
GU1 1DB

The smallest company whose financial statements this company is consolidated into is LVGIG. With effect from 31st December 2019 LVGIG is a 100% owned subsidiary of Allianz Holdings plc (2018: 49%), when it purchased the remaining 51% from the previous parent LV Capital Limited (formerly LV Capital plc).

The consolidated financial statements of LVGIG are available to the public and may be obtained by post from:

57 Ladymead,
Guildford,
Surrey,
England,
GU1 1DB.

Copies of the Allianz SE consolidated financial statements are available on request from

Allianz,
Königinstrasse 28,
D-80802,
Munich,
Germany.

Or online at www.allianz.com