

Registered Number: 01989349

Annual Report and Financial Statements 2021

Allianz (UK) Limited

Directors: C W T Dinesen
J M Dye (resigned November 30, 2021)
F K Dyson
P J Evans (appointed May 14, 2021)
C J Holmes (appointed February 22, 2022)
R O Hudson (resigned May 14, 2021)
D J Larnder
S C McGinn (appointed February 22, 2022)
R M Murison
T Robson-Capps (appointed April 13, 2022)
D A Torrance
C G Townsend (appointed April 29, 2021)
S Treloar
J R Vazquez (appointed June 1, 2022)

Secretary: C M Twemlow

Registered Office: 57 Ladymead, Guildford, Surrey, GU1 1DB

Registered Number: 01989349

Strategic Report

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

Principal activities

The Company acts as an investment holding company.

Business review

The results for the year are set out in the Statement of Comprehensive Income on page 9. The profit for the year amounted to £120,275k (2020: £115,892k). The increase almost entirely was due to higher dividends received during the year. 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, dividends received and total equity. The profit before tax for the year is £120,316k (2020 profit before tax: £115,885k) with the Company receiving dividends of £120,000k (2020: £115,900k). At the year end, the Company had total equity of £1,611,854k (2020: £1,611,579k). The Company does not monitor any non-financial key performance indicators.

Principal risks and uncertainties

The principal risk facing the Company is the performance of its subsidiary undertaking, Allianz Holdings plc ("AZH"). AZH holds subsidiary undertakings which are listed in note 8, collectively, "the Group".

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

Future outlook

No changes to the principal activity are anticipated in the foreseeable future. The Company will continue to consider suitable investment opportunities as and when they arise. The uncertainties surrounding COVID-19 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 customers of subsidiaries in the Group and general upward pressure on 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.

Strategic Report (continued)

Going concern

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

Section 172(1) Companies Act 2006 Statement

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

As set out in principal activities the Company is an investment holding Company and is the parent Company of Allianz Holdings plc. The Group's governance structure is such that the Company's Board is the same as the Board of Allianz Holdings plc and the boards of directors of other key regulated entities and holding companies within the Group (collectively, the "Boards" or "Group Boards"). As a result of this governance structure, strategic decisions and matters which affect the whole Group are considered by the Group Boards or their committees to an appropriate extent for the Group as a whole. Certain Group stakeholders and their interests (including the Group's employees, community and the environment) are considered and actions concerning them determined at a Group level by the Group Boards rather than by the Company's Board. Group strategy and stakeholder considerations are understood by the Company's Directors as they are members of the Group Boards. The Company's Directors have oversight of the Company's key activities through the reporting provided to and the oversight provided by the Group Boards and the AZH Executive Committee. However, while oversight is carried out at Group level, any decisions put to the Company's Board are considered from the perspective of the Company and its stakeholders. The Company's Board meets at least quarterly to discuss matters relevant to the Company's business.

The Company's key stakeholders are its subsidiary and its shareholders as well as wider stakeholders such as the local communities in which its subsidiary operates and employees working within the Group. Stakeholders, their interests and the manner in which the Company engages with them, are integral to how the Company conducts business. When strategic and operational decisions are considered by the board, the broader impacts on stakeholders are taken into account and this approach is embedded within the Group governance structure.

During the year the Directors took the following principal decisions:

The Board approved the interim distribution of £120m to its shareholders from distributable profits. The distribution was carried out in accordance with the articles. In considering whether to approve the distribution of the interim dividend, the Board considered the reserves of the Company and the long term consequences of making the payments. The Board noted that it was expected to receive a further dividend of £120m for the year from its subsidiary, Allianz Holdings plc. The Board considered the needs and views of its shareholders, who require dividends to be paid to ensure the long term success and viability of the Allianz SE Group as a whole. While the Company itself is not regulated, the Board took into account the regulatory environment and the views of the regulator of its subsidiaries in paying a dividend, ensuring that the payment of the dividend was a prudent decision from a regulatory perspective. The Board ensured that the Company had sufficient capital to meet its requirements in the long term when making the decision.

The Board also approved a new Intra-Group Framework Agreement between the companies in the Group. The Directors reviewed the agreement and noted that it would support the provision of personnel services provided to the Company and also other services provided by Group companies to the Company as well as outsourced and other services provided to the Company through a contract with one Group company and external suppliers. The services were of importance to the Company and 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

June 21, 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.

R O Hudson and J M Dye resigned as Directors of the Company with effect from May 14, 2021 and November 30, 2021 respectively. C G Townsend and P J Evans were appointed as Directors of the Company with effect from April 29, 2021 and May 14, 2021 respectively.

On December 1, 2021, C Holmes joined the business as Group CEO. On February 22, 2022 he was formally appointed as a Director of the Company.

On February 22, 2022, S C McGinn was appointed as a Director of the Company.

T Robson-Capps was appointed as Director on April 13, 2022 and J R Vazquez on June 1, 2022.

Results and dividend

The results for the year are set out in the Statement of Comprehensive Income on page 9. 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 was paid in the sum of £120m on July 9, 2021, for the year ended December 31, 2021 (2020: £5m). The Directors do not recommend the payment of a final dividend for the year ended December 31, 2021 (2020: £nil).

Following the year end, the Directors have proposed an interim dividend of £100.0m, for the year ended 31 December 2022. The dividend payment is subject to the receipt of dividends from its subsidiaries which are subject to either approval or non-objection from the Prudential Regulation Authority.

Future outlook

The future outlook for the Company is outlined in the Strategic Report on page 1.

Going concern

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

Streamlined Energy and Carbon Reporting ("SECR")

The Company fulfils the statutory requirements for SECR which includes disclosure of the Company's carbon emissions. Under the Companies Act 2006 and SECR Regulations, 'Large' companies are required to report their annual emissions in their Directors' report. It should be noted that the information disclosed relates to only some of the entities within the Group as this is the lowest level of granularity for which the data is collected. Information relating to Liverpool Victoria General Insurance Group Limited and its subsidiaries is reported separately and can be found in the annual report. Information relating to the Company alone is not available and identical disclosure has been made by all Companies meeting the reporting requirement.

The SECR statement has been prepared in line with the requirements of the SECR regulations and the relevant areas of the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard.

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

Directors' Report (continued)

Streamlined Energy and Carbon Reporting ("SECR") (continued)

'Location based' Method

The total energy consumption for 2021 was 16,645,135.03 kWh (2020: 17,689,860.13 kWh) equating to 3,532.599 tCO₂e (2020: 4,003.048 tCO₂e).

Carbon intensity: Emissions of tCO₂e/full-time equivalent during 2021 was 0.831 tCO₂e (2020: 0.87 tCO₂e)

However, the Company strategy has been to purchase renewable energy backed by Renewable Electricity Guarantees of Origin ("REGO") certificates. Through this strategy, within the above 2021 total energy consumption, the Company has sourced a total of 4,768,921.54 kWh (2020: 3,493,309.20) of REGO backed (zero emission) electricity equating to 92.44% (2020: 100%) of total electricity use.

'Market Based' Method

The total energy consumption for 2021 was 16,645,135.03 kWh (2020: 17,689,860.13 kWh) equating to 2,503.965 tCO₂e (2020: 2,703.548 tCO₂e).

Carbon intensity: Emissions of tCO₂e/full-time equivalent during 2021 was 0.589 tCO₂e (2020: 0.87 tCO₂e).

Energy Efficiency actions taken during 2021:

- 2021 - AZ Manchester – new building with LED lighting + dimming controllers and PiR switching. Building is BREEAM Excellent and EPC-A with electricity from renewable sources + PV panels providing on site electricity, energy efficient AC and lifts, High performance glazing coatings.
- 2021 - AZ Lancaster – replaced old lighting with LED panels and PiR switching.

Type	Current reporting year 2021	Comparison reporting year 2020
Total energy consumption (kWh)	16,645,135.03 kWh	17,689,860.13 kWh
Associated Carbon Emissions (tCO ₂ e)	3,532.599 tCO ₂ e	4,003.048 tCO ₂ e
Metric - Emissions of tCO ₂ e per Full-Time Equivalent	0.831 tCO ₂ e	0.870 tCO ₂ e

Directors' responsibility to the auditors

Details on how the Board has had regard to the need to foster the Company's business relationships with its stakeholders and the effect of that regard on the principal decisions taken by the Company's Board is contained in the section 172 statement on page 2.

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

Secretary

June 21, 2022

Allianz (UK) Limited

Registered Number: 01989349

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

June 21, 2022

Independent auditors' report to the members of Allianz (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Allianz (UK) 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: Balance Sheet as at 31 December 2021; the Statement of Comprehensive Income, the Statement of Changes in Equity, 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 opinion

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

Independence

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

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the directors' going concern assessment and challenging the material assumptions made using our knowledge of the business, review of regulatory correspondence and obtaining further corroborative evidence;
- Considering information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict management's assessment of going concern (including the impacts of Covid-19); and
- Assessing the disclosures made by management in the financial statements and checking the consistency of the disclosures with our knowledge of the company based on our audit and the other procedures listed here.

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

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

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

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

Independent auditors' report to the members of Allianz (UK) Limited

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, 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.

Independent auditors' report to the members of Allianz (UK) Limited

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Companies Act (2006), and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 management bias in accounting estimates and judgmental areas of the financial statements such as the valuation of investment in subsidiaries. Audit procedures performed by the engagement team included:

- Discussions with the Board of Directors, management, internal audit, senior management involved in the risk and compliance functions and the Company's legal function, including consideration of known or suspected fraud;
- Obtaining management's impairment analysis and challenging the assumptions made;
- Reviewing relevant meeting minutes including those of the Board of Directors;
- Identifying and testing journal entries, in particular any journal entries posted by senior management; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Matthew Nichols (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 June 2022

Statement of Comprehensive Income

For the year ended December 31, 2021

	Note	2021 £'000	2020 £'000
Dividends received		120,000	115,900
Administrative income/(expense)		316	(15)
Profit before tax		<u>120,316</u>	<u>115,885</u>
Income tax (expense)/credit	5(a)	(41)	7
Profit and total comprehensive income for the year wholly attributable to the equity holders		<u><u>120,275</u></u>	<u><u>115,892</u></u>

There has been no other comprehensive income in the year ended December 31, 2021.

Statement of Changes in Equity

For the year ended December 31, 2021

	Share capital £'000	Share premium £'000	Capital contribution £'000	Retained earnings £'000	Special reserve £'000	Total £'000
Balance at January 1, 2020	1,304,800	62,800	73,240	59,847	60,000	1,560,687
Capital contribution transfer ⁽¹⁾	-	-	(73,240)	73,240	-	-
Dividends paid	-	-	-	(5,000)	(60,000)	(65,000)
Profit and total comprehensive income for the year	-	-	-	115,892	-	115,892
Balance at December 31, 2020	<u>1,304,800</u>	<u>62,800</u>	<u>-</u>	<u>243,979</u>	<u>-</u>	<u>1,611,579</u>
Dividends paid	-	-	-	(120,000)	-	(120,000)
Profit and total comprehensive income for the year	-	-	-	120,275	-	120,275
Balance at December 31, 2021	<u><u>1,304,800</u></u>	<u><u>62,800</u></u>	<u><u>-</u></u>	<u><u>244,254</u></u>	<u><u>-</u></u>	<u><u>1,611,854</u></u>

⁽¹⁾ Please refer to note 10.

The accounting policies and notes on pages 12 to 17 are an integral part of these financial statements.

Balance Sheet

As at December 31, 2021

	Note	2021 £'000	2020 £'000
Assets			
Investment in group undertakings	8	1,611,348	1,611,348
Amounts due from related parties	14	521	220
Current tax asset	5(c)	-	7
Cash and cash equivalents		19	19
Total assets		<u>1,611,888</u>	<u>1,611,594</u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	11	1,304,800	1,304,800
Share premium		62,800	62,800
Retained earnings		244,254	243,979
Total equity		<u>1,611,854</u>	<u>1,611,579</u>
Liabilities			
Current tax liability	5(c)	34	-
Amounts due to related parties	14	-	15
Total liabilities		<u>34</u>	<u>15</u>
Total equity and liabilities		<u>1,611,888</u>	<u>1,611,594</u>

The accounting policies and notes on pages 12 to 17 are an integral part of these financial statements.

These financial statements on pages 9 to 17 were approved by the Board of Directors on June 17, 2022 and signed on its behalf by:



F K Dyson
Director

Allianz (UK) Limited

Registered Number: 01989349

Statement of Cash Flows

For the year ended December 31, 2021

	<i>Note</i>	<i>2021</i> £'000	<i>2020</i> £'000
Cash flows from operating activities			
Profit before tax		120,316	115,885
Increase in amounts due from related parties	14	(301)	(59)
Decrease in amounts due to related parties	14	(15)	(50,905)
Cash generated from operations		<u>120,000</u>	<u>64,921</u>
Income tax received	5(b)	-	98
Net cash flow from operating activities		<u>120,000</u>	<u>65,019</u>
Cash flows from financing activities			
Dividends paid		<u>(120,000)</u>	<u>(65,000)</u>
Net cash outflow from financing activities		<u>(120,000)</u>	<u>(65,000)</u>
Increase in cash and cash equivalents		-	19
Cash and cash equivalents at the beginning of the year		19	-
Cash and cash equivalents at the end of the year		<u>19</u>	<u>19</u>

The accounting policies and notes on pages 12 to 17 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2021

1. ACCOUNTING POLICIES

1.1. Company and its operations

Allianz (UK) Limited (“the Company”) is a private company limited by shares, incorporated in England and Wales and domiciled in the United Kingdom, whose shares are not publicly quoted.

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 Company is exempt from the obligation to prepare and deliver group financial statements by virtue of the Companies Act 2006 (Section 401 1a) as it is a subsidiary undertaking of an EU parent (see note 13). 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 Strategic Report on page 2.

UK-adopted international accounting standards

On December 31, 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted International Accounting Standards in its Company financial statements on 1 January, 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

(a) Income taxes

Income tax on profit or loss for the year comprises current 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.

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

(b) Investment in group undertakings

Investments in group undertakings are shown in the Balance sheet at cost less any impairment charges. The carrying value is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The impairment assessment compares the carrying amount of the investment in the subsidiary with the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount is higher than the recoverable amount, an impairment is recognised in the statement of comprehensive income in the period in which it occurred.

Notes to the Financial Statements

For the year ended December 31, 2021

1.4. Summary of significant accounting policies (continued)

(c) Amounts due from related parties

Amounts due from related parties are initially recognised and subsequently re-measured at amortised cost after taking into account any impairment losses. Amounts due from related parties 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").

(d) Amounts due to related parties

Amounts due to related parties 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.

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.

3. EMPLOYEE RELATED COSTS

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

4. 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	15	10

5. INCOME TAX EXPENSE/(CREDIT)

(a) Income tax recognised in profit or loss

	2021	2020
	£'000	£'000
Current tax:		
In respect of the current year	59	(7)
In respect of prior years	(18)	-
Total current income tax expense/(credit) recognised in the current year	41	(7)

Notes to the Financial Statements

For the year ended December 31, 2021

5. INCOME TAX EXPENSE/(CREDIT) (continued)

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

	2021 £'000	2020 £'000
Profit before tax	<u>120,316</u>	<u>115,885</u>
Income tax expense calculated at 19% (2020: 19%)	22,860	22,018
Effect of prior year adjustment	(18)	-
Effect of income that is exempt from taxation	(22,800)	(22,021)
Effect of imputed transfer pricing adjustments	<u>(1)</u>	<u>(4)</u>
Income tax expense/(credit) recognised in profit or loss	<u><u>41</u></u>	<u><u>(7)</u></u>

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 is currently 19%, changing to 25% with effect from April 1, 2023.

(b) Tax paid for cash flow purposes

	2021 £'000	2020 £'000
Current tax receivable at January 1,	(7)	(98)
Amounts charged/(credited) to the Statement of Comprehensive Income	41	(7)
Tax received during the year	<u>-</u>	<u>98</u>
Current tax payable/(receivable) at December 31,	<u><u>34</u></u>	<u><u>(7)</u></u>

(c) Current tax assets/liabilities

	2021 £'000	2020 £'000
Current tax assets	-	7
Current tax liabilities	(34)	-

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.

6. DIRECTORS' EMOLUMENTS

The remuneration of 8 Directors was paid by Allianz Management Services Limited ("AMS"). S Treloar was remunerated by Liverpool Victoria General Insurance Group Limited ("LVGIG") and C Townsend waived his right to receive emoluments. AMS and LVGIG are Group Services companies and make no recharge to the Company for such costs. The aforementioned individuals provided services to the Company and other companies within the Allianz UK Group and it is not possible to make an accurate apportionment of an individual's remuneration in respect of their role as a Director of the Company. Accordingly, no remuneration is being disclosed for such individuals.

7. DIVIDENDS

An interim dividend was paid in the sum of £120,000k (representing 9.2p per share) on July 9, 2021, for the year ended December 31, 2021 (2020: £65,000k, representing 5.0p per share). The Directors do not recommend the payment of a final dividend for the year ended December 31, 2021 (2020: £nil). Please also refer to note 15.

Notes to the Financial Statements

For the year ended December 31, 2021

8. INVESTMENT IN GROUP UNDERTAKINGS

Shares in group undertakings are shown in the Balance Sheet at cost. The undertakings of Allianz (UK) Limited are shown below. The Company's shareholding in Allianz Holdings plc is held directly, all other shareholdings are held indirectly. The registered office for all undertakings is 57 Ladymead, Guildford, Surrey, GU1 1DB.

Subsidiary undertakings of Allianz UK

	Country of incorporation	Primary business operation	Percentage holding
Allianz Holdings plc	England	General Insurance Holding	99.99%
Held by Allianz Holdings plc:			
Allianz Insurance plc	England	General Insurance	100.00%
Liverpool Victoria General Insurance Group Limited	England	General Insurance Holding	100.00%
Three Pillars Business Solutions Limited	England	Policy Administration	100.00%
Allianz Management Services Limited	England	Management Services	100.00%
Allianz Engineering Inspection Services Limited	England	Engineering Inspections	100.00%
Home and Legacy Insurance Services Limited	England	Insurance Intermediary	100.00%
Allianz Business Services Limited	England	Insurance Intermediary	100.00%
Allianz International Limited	England	Investing in Equity Shares	100.00%
The M.I. Group Limited	England	Dormant	100.00%
Vet Envoy Limited	England	IT Data Services	100.00%
Held by Allianz Insurance plc:			
Trafalgar Insurance Limited	England	General Insurance	100.00%
Allianz Equity Investments Limited	England	Investing in Equity Shares	100.00%
Pet Plan Limited	England	Insurance Intermediary	100.00%
Allianz Properties Limited	England	Investing in Real Estate	100.00%
Allianz Pension Fund Trustees Limited	England	Pension Fund Trustee	100.00%
Held by Liverpool Victoria General Insurance Group Limited:			
Liverpool Victoria Insurance Company Limited	England	General Insurance	100.00%
LV Assistance Services Limited	England	Road Rescue	100.00%
LV Insurance Management Limited	England	Management Services	100.00%
Fairmead Insurance Limited	England	General Insurance	100.00%
Held by Liverpool Victoria Insurance Company Limited:			
LV Repair Services Limited	England	Repair Engineering Services	100.00%
Highway Insurance Group Limited	England	General Insurance Holding	100.00%
Held by Highway Insurance Group Limited:			
Highway Insurance Company Limited	England	General Insurance	100.00%
Held by Fairmead Insurance Limited:			
Buddies Enterprises Limited	England	Insurance Intermediary	100.00%
Fairmead Distribution Services Limited	England	Insurance Intermediary	100.00%

During 2021, two subsidiaries, The M.I Group Limited and Allianz International Limited were dissolved. Three Pillars Business Solutions Limited was dissolved in January 2022.

In the opinion of the Directors, there has been no impairment during the year to the investment in group undertakings (2020: nil).

Notes to the Financial Statements

For the year ended December 31, 2021

9. SPECIAL RESERVE

The special reserve related to the dividends waived during 2012 pursuant to Article 11 (ii). It may be paid as a dividend to the shareholder who previously waived the amounts with the agreement of the other members and the Directors; if the shareholder so requests. The shareholder made such a request during the previous year and a dividend to settle this obligation was paid.

10. CAPITAL CONTRIBUTION

During the previous year, the capital contribution of £73,240k was reclassified to retained earnings.

11. SHARE CAPITAL

	2021	2020
	£	£
Ordinary shares of £1 each authorised, issued and fully paid	<u>1,304,800,002</u>	<u>1,304,800,002</u>

12. RISK MANAGEMENT POLICIES

Capital management

The Company's capital risk is determined with reference to the requirements of the Allianz Holdings plc group. In managing capital, the Company seeks to maintain sufficient, but not excessive, financial strength to support the 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 £1,611,854k (2020: £1,611,579k) of total capital employed.

Financial Risk

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

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity prices will affect the value of the Company's assets and income. The Company is exposed to market risk through its investments in group undertakings insofar as the carrying amount exceeds the net asset value of the subsidiary and as such the investment is overstated.

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 amounts due from group undertakings and cash and cash equivalents. The Company deems this risk to be low as the amounts are due from fellow Allianz SE Group subsidiaries and as such are AA- rated and cash and cash equivalents which are also AA rated. All receivables are due within 1 year of the Balance Sheet date.

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 amounts due to group undertakings. Liquidity risk for the Company is mitigated as the Company largely finances through intercompany transactions and the Company has sufficient liquid assets to meet its liabilities as they fall due. All payables are deemed to be settled within 1 year of the Balance Sheet date.

13. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Allianz Europe Limited, 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

14. RELATED PARTY TRANSACTIONS

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

	2021	2020
	<i>£'000</i>	<i>£'000</i>
Dividends received	120,000	115,900
Dividends paid	120,000	65,000
Administrative income/(expense)	(316)	15

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

	2021	2020
	<i>£'000</i>	<i>£'000</i>
Due from related parties at December 31		
Other related party	521	220

Due to related parties at December 31

Other related party	-	15
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The Company has concluded that the expected credit loss model has made no significant impact on the valuation of receivables reported in the financial statements.

The Company considers its key management personnel to be the Directors only. Further information is disclosed in note 6.

15. SUBSEQUENT EVENTS

At the time these financial statements are authorised, the Directors have proposed an interim dividend of £100.0m (representing 7.7p per share). The Directors of Allianz Holdings plc have proposed to pay an interim dividend of £100.0m to the Company at the time these financial statements are authorised. Both of these dividends rely on the receipt of dividends from subsidiaries which in turn are themselves subject to either approval or non-objection from the Prudential Regulation Authority.

This event is non-adjusting.