

Company registration number 04013396

BUDDIES ENTERPRISES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
2022

Buddies Enterprises Limited

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Registered office

57 Ladymead, Guildford
Surrey GU1 1DB

Registered in England and Wales No. 04013396

Buddies Enterprises Limited

Strategic Report

For the year ended 31 December 2022

Principal activities

The principal activity of Buddies Enterprises Limited (the 'Company'), which is authorised and regulated within the United Kingdom ('UK') by the Financial Control Authority, is the introduction of consumers to businesses offering finance for the purchase of electric vehicles. The Company commenced this trade in 2022, having previously ceased its introducer activity with respect to Pet insurance policies during 2021 as part of a migration of Pet policies away from the Company's immediate parent, Fairmead Insurance Limited (the 'Parent Company') to another entity within the Allianz Group.

Review of the Business

The Company acted as an intermediary in the pet insurance marketplace until July 2021, at which point policies previously distributed by the Company and underwritten by the Parent Company began to migrate to Allianz Insurance plc, a subsidiary of Allianz Holdings plc group (the "Group"), whose ultimate parent is Allianz Societas Europaea ('Allianz SE').

The Company began acting as an introducer for consumers to businesses offering finance for the purchase of electric vehicles in line with the future strategy of the business in 2022. Revenues in 2022 have been modest, but are expected to increase significantly throughout 2023 after planned marketing launches are undertaken in the first half of the year.

Future Developments

The Company will continue acting as an introducer and is anticipating significant increases in its revenue stream from this activity during 2023 as set out above.

Result for the year

The result of the Company for the year was a profit before tax of £143,432 (2021: £73,148 loss before tax), details of which are set out on page 10.

Financial key performance indicators

In addition to the pre-tax performance noted above, other key financial measures monitored by the Board of Directors (the "Board") are as follows:

	2022	2021
Policies Sold	-	4,008
Electric Vehicle Orders	108	-
Commission Revenue (£)	57,291	504,788

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are noted below.

Confidence in the Financial Services sector and specifically Buddies Enterprises Limited

Events in the financial services sector outside the control of the Company and the Group may have an impact on earnings and profitability. Historically such events have included:

- Failings by competitors;
- Actions by regulators within the industry; and
- Adverse media coverage.

Regulation and Legislation

There are a number of aspects to the way in which legislation and regulation impacts the Company's business. These include:

- Government fiscal policy; and
- Regulation of product design, marketing, sales and administration.

The Company's activities and strategies are always based upon prevailing legislation and regulation. However, significant changes in legislation, and differing interpretation and application of regulation over time, may have a detrimental effect on the Company's strategy and profitability.

Buddies Enterprises Limited
Strategic Report (continued)
For the year ended 31 December 2022

Section 172 Report

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

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

The Company is part of the wider Group and as such leverages the governance of the Group. As a result of the governance structure of the Group, of which the Company is a part, some strategic decisions are considered at a Group level by the Board of AZH ("AZH Board") or its committees to an appropriate extent for the Group as a whole. Certain Group stakeholders and their interests (such as employees, community and environment), which the Company's Directors are required to have regard to, are considered by and actions concerning them determined at a AZH Board level.

As a wholly owned subsidiary of the Group and a subsidiary of Fairmead Insurance Limited, which is a subsidiary of Liverpool Victoria General Insurance Group Limited (LVGIG), also within the wider 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 and of LVGIG, which are complementary. This includes considering the impact on broader stakeholders of the Group when making decisions.

The Board is collectively responsible for the long-term success of the Company. The Board sets the Company's purpose, strategy and standards and ensures that its obligations to stakeholders and others, as well as other matters set out under section 172 of the Companies Act 2006, are considered when taking decisions and in its discussions. The Board meets at least quarterly, with adhoc meetings held, if required.

The Company's Board receives information from the business in the form of Board reports and presentations when making decisions and these reports include information about how stakeholder interests have been considered. Information is also presented, where relevant, regarding any impact on the Company or Group's reputation, impact on the environment or impact on the communities in which the Company or Group operate and other matters set out in section 172 of the Companies Act 2006.

Board Decision Making

This part of the section 172 statement describes how the Board has had regard to the Company's stakeholders and other matters to be considered under section 172 (1) of the Act in some of the key decisions taken by the Board during the year. The Group Board continues to review its processes to ensure that a formal analysis is carried out of how material decisions that it is required to approve will impact the Group's and individual subsidiaries' key stakeholder groups.

During the year the Directors took the following principal decisions:

Migration to PetPlan

Section 172 considerations: interests of employees, fostering relationships with customers and suppliers, maintaining a reputation for high standards, likely consequences of any decision in the long-term

Stakeholders: customers, suppliers

During 2020, as part of the overall acquisition of the Company by the Group, the pet proposition was brought into scope of the wider Parent Company integration into LVGIG and the Group. The Buddies branded pet insurance business began migrating to Allianz Insurance plc under the PetPlan brand during 2021 and successful migration was the key strategy of the Company during that year. In 2022 the Board continued to have oversight of the migration. The Board's oversight covered consideration around the Buddies Breeders distribution network, the operational impact and the migration of customers. The Board remained mindful of service and customer complaint levels when considering the same until the migration was completed.

Buddies Enterprises Limited
Strategic Report (continued)
For the year ended 31 December 2022

Section 172 Report (continued)

Transaction to transfer of 'Tracks' a legacy service

Section 172 considerations: likely consequences of any decision in the long-term, maintaining a reputation for high standards

Stakeholders: customers, shareholders

In late November 2021 the Board began reviewing a proposal to transfer the servicing of a product "Tracks" which had previously been closed to new customers and which was provided as a life time service to certain pet owners for a one-off fee. As the Company migrated its operations to PetPlan it would have no ability to continue with the provision of the service so alternative solutions had been considered, incorporating a review of customer outcomes and other risks. The Board considered the risks and benefits of the different options in coming to their final decision and agreed with the proposal to use a third party service to assume complete responsibility for providing the Tracks services to members. In coming to their decision, the Board noted that a reputable third party provider had been selected following due diligence. The Board also considered the long-term consequences of the option selected, in particular risks to the Company or Group and any potential poor customer outcomes. The Board reviewed the communications plan to customers, to ensure that it was clear and to provide an opportunity for customers to opt out. The Board also reviewed the complaints process, should complaints be received from customers as a result of the decision made. The Board continued to have oversight of the process until the transfer was completed in March 2022.

Creation of 'Electrix' brand

Section 172 considerations: interests of employees, fostering relationships with customers and suppliers, maintaining a reputation for high standards likely consequences of any decision in the long-term.

Stakeholders: customers, shareholder, suppliers, regulators

In early 2022 the Company identified an increasing consumer demand for electric vehicles and considered ways in which it could assist in fulfilling this need notwithstanding the costs and complexity associated with the product. In considering future customer needs the Directors determined that such a service should be marketed as "ElectriX" and should be configured to provide customers with a single point of reference by supplying electric vehicle leasing, smart home chargers and electric car insurance. In that respect it was decided the Company should act as an introducer for consumers to businesses offering finance for the purchase of electric vehicles and connected products. As it had the existing infrastructure and permissions already in place and provided an efficient and cost-effective way to establish such a brand it was decided the Company should change its operations to focus on the supply of Electric Vehicle products and services to consumers. New directors joined the Board to support the initiative and communication with shareholders was undertaken to explain the concept. Plans were subsequently pursued with their full support. In addition the Board took care to liaise with regulators and trading did not commence until appropriate regulatory permissions had been secured. Agreements were completed with key suppliers to ensure quality products could be procured for customers in a timely, efficient and cost effective manner and employees with appropriate skill sets were recruited to provide customer support and services. In the decision making process for the proposition, the Board had considered the requirements of the customers, the long term interest of its shareholder and the wider Group its suppliers and the regulator

By order of the Board



K. P. Wenzel
 Director
 12 April 2023

Buddies Enterprises Limited Directors' Report For the year ended 31 December 2022

The Directors present their annual report together with the audited financial statements of Buddies Enterprises Limited ("the Company") for the year ended 31 December 2022.

Directors

The Directors of the Company in office during the year and up to the date of the signing of the financial statements were:

S. Treloar (appointed 20 January 2022)
K. Misson (appointed 20 January 2022)
K. P. Wenzel
M. Crane (resigned on 20 January 2022)
N. J. Thornhill (resigned 20 January 2022)

Secretary

C.M. Twemlow

Result for the year and dividend

The result of the Company for the year was a profit before tax of £143,432 (2021: £73,148 loss before taxation), details of which are set out on page 10. A review of the Company's business activities and any likely future developments can be found in the Strategic Report on page 2. The Directors do not recommend any interim or final dividend payment for the year ended 31 December 2022 (2021: £nil).

Going concern

The Company ceased its introducer activity with respect to Pet insurance policies during 2021 as part of a migration of Pet policies away from the Parent Company to another entity within the Allianz Group. Consequently, the Company's commission revenue stream from Pet insurance policies ended. During 2022, the Company began trading as an introducer for consumers to businesses offering finance for the purchase of electric vehicles in line with the future strategy of the business.

The Company's strategic plan includes achieving growth in this revenue stream, but this is underpinned by significant increase in the Company's expense base to support the planned growth. In order for the Company to be able to implement these plans, a capital injection would be required to support the Company's continued solvency. The Company has currently made no commitment to these plans and would only consider doing so if the capital injection were made.

Based on the current position of the business, the Company does have adequate resources to continue operating for the foreseeable future and to meet its liabilities as they fall due, and as such is considered to be a Going Concern.

Political Donations

The Company made no political donations and incurred no political expenditure during the year.

Modern Slavery Statement

The Group recognises that companies have an obligation to ensure that their business and supporting supply chains are slavery free.

The Group's full modern slavery statement can be found at www.allianz.co.uk.

Buddies Enterprises Limited
Directors' Report (continued)
For the year ended 31 December 2022

Independent Auditors

There is no requirement under the Companies Act or the Company's Articles of Association to hold an Annual General Meeting or lay the Company's Report and Financial Statements before the shareholders. The Company has elected to dispense with the need to appoint auditors annually, and BDO LLP will therefore continue in office.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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



K. P. Wenzel
 Director
 12 April 2023

Independent Auditor's Report to the Members of Buddies Enterprises Limited For the year ended 31 December 2022

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Buddies Enterprises Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to 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.

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.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Buddies Enterprises Limited (continued) For the year ended 31 December 2022

Other Companies Act 2006 reporting (continued)

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- Obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company;
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Assessed the susceptibility of the financial statements to material misstatement including fraud and identified the fraud risk areas to revenue recognition and management override of controls;
- In response to the risk of management override of controls, assessed the appropriateness of journal entries which met specific risk criteria by agreeing them to appropriate supporting documentation;
- Enquiring of Management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- review of minutes of board meetings throughout the period.

Independent Auditor's Report to the Members of Buddies Enterprises Limited (continued) For the year ended 31 December 2022

Auditor's responsibilities for the audit of the financial statements (continued)


Extent to which the audit was capable of detecting irregularities, including fraud (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Alexander Barnes (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Chartered Accountants
55 Baker Street
London, W1U 7EU
12 April 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Buddies Enterprises Limited
Statement of Comprehensive Income
For the year ended 31 December 2022

	Note	2022 £	2021 £
Revenue		341,980	1,117,568
Cost of sales		(300,766)	(632,145)
Gross profit		<u>41,214</u>	<u>485,423</u>
Administrative expenses		102,529	(661,429)
Other income		-	105,000
Finance Costs	5	(311)	(2,142)
Profit / (loss) before taxation	4	<u>143,432</u>	<u>(73,148)</u>
Taxation (charge) / credit	8	(24,080)	24,213
Profit / (loss) for the year and total comprehensive income / (expense)		<u><u>119,352</u></u>	<u><u>(48,935)</u></u>

The notes on pages 13 to 20 are an integral part of the financial statements.

Buddies Enterprises Limited
Statement of Financial Position
For the year ended 31 December 2022

	Note	2022	2021
		£	£
Assets			
Intangible assets	9	-	-
Tangible assets	10	-	-
Deferred tax assets	14	11,629	13,000
Trade and other receivables	11	77,524	39,870
Cash and cash equivalents	12	570,780	1,933,625
Total assets		<u>659,933</u>	<u>1,986,495</u>
Liabilities			
Trade and other payables	13	113,848	1,209,762
Provisions	16	-	350,000
Total liabilities		<u>113,848</u>	<u>1,559,762</u>
Net assets		<u>546,085</u>	<u>426,733</u>
Equity			
Called up share capital	17	6,000	6,000
Share premium account	17	611,249	611,249
Other reserves		102,751	102,751
Retained earnings		(173,915)	(293,267)
Total equity		<u>546,085</u>	<u>426,733</u>

The notes on pages 13 to 20 form an integral part of these financial statements.

The financial statements on pages 10 to 20 were approved by the Directors on 11 April 2023 and were signed on their behalf by



K. P. Wenzel
 Director

Registered Company No. 04013396

Buddies Enterprises Limited
Statement of Changes in Equity
For the year ended 31 December 2022

	Called up share capital £	Share Premium Account £	Other Reserves £	Profit and Loss Account £	Total Equity £
Balance at 1 January 2021	6,000	611,249	102,751	(244,332)	475,668
Loss for the year and total comprehensive loss	-	-	-	(48,935)	(48,935)
Balance at 31 December 2021	6,000	611,249	102,751	(293,267)	426,733

	Called up share capital £	Share Premium Account £	Other Reserves £	Profit and Loss Account £	Total Equity £
Balance at 1 January 2022	6,000	611,249	102,751	(293,267)	426,733
Profit for the year and total comprehensive income	-	-	-	119,352	119,352
Balance at 31 December 2022	6,000	611,249	102,751	(173,915)	546,085

The notes on pages 13 to 20 form an integral part of these financial statements.

Buddies Enterprises Limited
Notes to the Financial Statements
For the year ended 31 December 2022

1 Summary of significant accounting policies

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

(a) Basis of Preparation

The financial statements of Buddies Enterprises Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS101. Buddies Enterprises Limited is a private limited company incorporated in the United Kingdom.

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. This is particularly relevant to the estimation of the allowance in respect of anticipated introducer commission clawbacks (held within accruals and other payables in note 13). The calculation of this amount applies an expected cancellation rate of the lease agreements taken out by the customers to the cumulative commission earned by the Company that could be subject to clawback. The cancellation rate applied is based on data supplied by a third party partner in the arrangement, but will be reviewed as the Company develops its own experience around the propensity of customer cancellations.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS101:

- IFRS 7, 'Financial Statements: Disclosures'
 - Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
 - Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
- 10(d), (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (a statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statement of financial position)
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
 - IAS 7, 'Statement of cash flows'
 - Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
 - Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
 - The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
 - The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

Buddies Enterprises Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

1 Summary of significant accounting policies (continued)

(a) Basis of Preparation (continued)

Going Concern

The Company ceased its introducer activity with respect to Pet insurance policies during 2021 as part of a migration of Pet policies away from the Parent Company to another entity within the Allianz Group. Consequently, the Company's commission revenue stream from Pet insurance policies ended. During 2022, the Company began trading as an introducer for consumers to businesses offering finance for the purchase of electric vehicles in line with the future strategy of the business.

The Company does have adequate resources to continue operating for the foreseeable future and to meet its liabilities as they fall due, and as such is considered to be a Going Concern.

(b) Revenue recognition

Revenue is stated excluding recoverable value added tax and represents retained introducer fees receivable. Introducer fees are receivable in respect of the Company's introduction of customers to a third party which acts as a credit broker to businesses offering finance for the purchase of electric vehicles. The contractual arrangement between the Company and the credit broker is based on the companies sharing in equal parts the flat rate fees received by the credit broker from the lease finance providers for each converted lease agreement, with volume related bonus payments also being received. As the performance obligation is completed at the date the customer enters into the lease agreement, the whole of the flat fee is recognised immediately at that point. The flat fees are paid to the Company monthly, one month after the credit broker receives the payment from the lease finance companies. The volume related bonuses are recognised at the point that the Company has been provided with data to reliably measure the bonuses and it is probable that the Company will receive that bonus.

An allowance is also made for income received which is expected to be returned ultimately to the finance providers as a result of lease cancellations. This is held within accruals and other payables on the Statement of Financial Position.

Commission receivable in respect of the Company's insurance broking services is calculated based on agreed terms relating to the policy type and factors relating to the insured pet such as age and type of pet. The commission is brought into account at the later of the policy inception date or when the policy placement has been completed and confirmed. Commission income is billed and paid by the Parent Company usually one month in arrears. A provision is also made for income received which is expected to be returned to the insurance provider as a result of policy cancellations. Revenue includes charges for the servicing of policies sold by the Parent Company, incurred by the Company on behalf of the Parent Company.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(d) Income tax

The tax credit/(charge) for the period comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Buddies Enterprises Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

1 Summary of significant accounting policies (continued)

(d) Income tax (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(e) Dividend recognition

A dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are authorised and are no longer at the discretion of the Company.

(f) Intangible assets

Purchased software and costs directly associated with the internal development of computer software are capitalised as intangible assets where the software is an identifiable asset controlled by the Company which will generate future economic benefits and where costs can be reliably measured. Costs incurred to establish technological feasibility or to maintain existing levels of performance are recognised as an expense as incurred.

Such intangible assets are stated at cost less cumulative amortisation and impairment losses. Amortisation begins when the asset becomes available for operational use and is charged to the income statement within administrative expenses on a straight-line basis over the estimated useful life of the software, which is considered to be 10 years. The amortisation periods used are reviewed annually.

Assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell, and its value in use.

(g) Tangible assets - plant and equipment

The initial cost of an item of plant or equipment is capitalised where it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost is then depreciated on a straight line basis over the item's estimated useful working life over 3 to 10 years.

The Company reviews the carrying value of plant & equipment at each statement of financial position date where there has been an indication that impairment has occurred. If the carrying value of an item of plant & equipment is impaired, the carrying value is reduced through a charge to the income statement.

(h) Debtors receivable and creditors payable

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in profit and loss account in other administrative expenses.

Buddies Enterprises Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

1 Summary of significant accounting policies (continued)

(i) Lease

At the inception of a contract, the Company assesses whether a 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: the contract involves the use of an identified asset; the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Company has the right to direct the use of the asset.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following: the amount of the initial measurement of lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2 Auditor's remuneration

The auditor's remuneration in respect of the audit of the financial statements of the Company of £25,600 (2021: £21,000) excluding value added taxation was borne by the Parent Company. There were no non-audit fees in the current year.

3 Segmental disclosure

All revenue, and related profit (2021: loss) before tax, is derived from the principal trading activities of the Company and derives from the UK and Channel Islands. The revenue and profit before taxation relating to the Company's trade as an introducer of customers to businesses offering finance for the purchase of electric vehicles totalled £57,291 in 2022 (2021: £nil). All other revenue and profit items related to the Company's insurance broking services and intermediary services for the provision of pet insurance solutions to individuals. This includes revenue of £284,501 (2021: £612,777) relating to recharges made to the immediate Parent Company for servicing policies and claims on its behalf.

Buddies Enterprises Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

4 Profit / (loss) before taxation

This is stated after crediting:

	2022	2021
	£	£
Management recharges	284,501	717,777

Management recharges during the year include recharges for expenses incurred to service the immediate Parent Company's policies. These recharges are recognised either within revenue (£284,501 (2021: £612,777)) or as other income (£zero (2021: £105,000)) within the Statement of Comprehensive Income.

5 Finance Costs

	2022	2021
	£	£
Lease liability interest expense	311	2,142

6 Employee information

The Company had no direct employees during 2022 (2021: none) since they were employed by LVGIG. As a result the Company incurred no direct staff costs and made no direct contributions towards retirement benefits (2021: none).

7 Directors' emoluments

The remuneration of K. Misson, M. Crane, N. J. Thornhill, and S. Treloar in 2022 (M. Crane, N. J. Thornhill, C. Wren-Kirkham and C. Hurley in 2021) was paid by LVGIG. The Company is an indirect subsidiary of LVGIG which acts as a services Company within the Group. LVGIG made no recharge to the Company in 2022 (2021: £nil) in respect of Directors' emoluments. The remuneration for K. P. Wenzel was paid by Allianz Management Services Limited ('AMS') in 2022 and 2021. AMS is a Group services company and a member of the Group and made no recharge to the Company in respect of these costs. The individuals provide services to the wider Group and a number of subsidiaries, including the Company, and with the transition of the Company's business activities an accurate apportionment of an individuals' remuneration in respect of their roles as Directors of the Company cannot be made. Accordingly, no remuneration is being disclosed for such individuals in 2022.

8 Taxation charge / (credit)

	2022	2021
	£	£
Current tax		
- Current tax for the year	23,934	(15,534)
- Adjustments in respect of prior years	(1,225)	(7,594)
Total current tax	<u>22,709</u>	<u>(23,128)</u>
Deferred tax		
- Movement in temporary differences	1,371	1,636
- Impact of change of taxation rates on deferred taxation balances	-	(2,721)
Total deferred tax	<u>1,371</u>	<u>(1,085)</u>
Total tax charge / (credit)	<u>24,080</u>	<u>(24,213)</u>

Buddies Enterprises Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

8 Taxation charge / (credit) (continued)

The tax charge / (credit) differs from the tax calculated at the standard UK corporation tax rate as follows:

	2022	2021
	£	£
Profit / (loss) before tax	143,432	(73,148)
Corporation tax at 19% (2021: 19%)	27,252	(13,898)
Effects of:		
Adjustment in respect of prior year current tax	(1,225)	(7,594)
Impact of transfer pricing adjustments	(1,947)	-
Impact of change in taxation rates on deferred taxation balances	-	(2,721)
Total tax charge / (credit)	24,080	(24,213)

9 Intangible Assets

	2022	2021
	£	£
Cost		
At 1 January	10,092	89,153
Additions	-	-
Disposals	(10,092)	(79,061)
At 31 December	-	10,092
Accumulated amortisation		
At 1 January	10,092	89,153
Amortisation charge for the year	-	-
Disposals	(10,092)	(79,061)
At 31 December	-	10,092
Closing net book value	-	-
Opening net book value	-	-

10 Tangible Assets

	Office Equipment £	Total £
Cost		
At 1 January 2021	14,172	14,172
Additions	-	-
Disposals	(14,172)	(14,172)
At 31 December 2021	-	-
Accumulated depreciation		
At 1 January 2021	14,172	14,172
Depreciation charge for the year	-	-
Disposals	(14,172)	(14,172)
At 31 December 2021	-	-
Closing net book value	-	-
Opening net book value	-	-

Buddies Enterprises Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

11 Trade and other receivables

	2022	2021
	£	£
Trade receivables	55,793	-
Prepayments	854	24,336
Amount due from related party	20,877	-
Corporation tax receivable	-	15,534
	<u>77,524</u>	<u>39,870</u>

12 Cash and cash equivalents

2022	2021
£	£
570,780	1,933,625

Included within the cash and cash equivalents are amounts held on behalf of insurers of £45,182 (2021: £1,671,317).

13 Trade and other payables

	2022	2021
	£	£
Trade payables	-	1,731
Accruals and other payables	80,341	86,451
Amount due to parent undertaking	11,261	996,708
Lease liability (note 15)	-	124,872
Corporation tax payable	22,246	-
	<u>113,848</u>	<u>1,209,762</u>

14 Deferred tax asset

	2022	2021
	£	£
At 1 January	13,000	11,915
Tax (charged) / credited to the income statement	(1,371)	1,085
At 31 December	<u>11,629</u>	<u>13,000</u>

Deferred taxation relates to depreciation in excess of capital allowances.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

15 Leases

Lease liability	2022	2021
	£	£
Maturity analysis - contractual undiscounted cash flow		
Not later than one year	-	20,808
After one year but not more than five years	-	87,478
After five years	-	22,974
Total undiscounted cash flow at 31 December	<u>-</u>	<u>131,260</u>

Buddies Enterprises Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

15 Leases (continued)

Lease liability (continued)

Lease liabilities included in the statement of financial position within trade and other payables as at 31 December:

	2022	2021
	£	£
Current	-	19,605
Non-current	-	105,267
	<u>-</u>	<u>124,872</u>

On the 22nd February 2022, the Company's parent company, Fairmead Insurance Limited, terminated the lease agreement for Buddies Enterprises Limited's office in Corby at a settlement amount of £224,000. In 2020, the Company's functions were moved to Parent Company's office in Birmingham. In December 2021, management made the decision that they would no longer require the premises and decided to terminate the lease early. The lease was originally due to expire December 2027.

16 Provisions

	2022	2021
	£	£
At 1 January	350,000	-
Provided during the year	-	350,000
Released during the year	(245,000)	-
Utilised during the year	(105,000)	-
At 31 December	<u>-</u>	<u>350,000</u>

17 Called up share capital and share premium account

	2022 NO. OF SHARES	2022 £	2021 NO. OF SHARES	2021 £
Authorised share capital				
At 31 December: ordinary shares of £0.25 each	24,000	6,000	24,000	6,000
Issued share capital, fully paid	24,000	6,000	24,000	6,000
			Called up Share Capital	Share Premium account
		NO. OF SHARES	£	£
As at 1 January 2021 and 31 December 2022		1,000	6,000	611,249

18 Ultimate parent undertaking

The immediate parent company is Fairmead Insurance Limited.

The ultimate parent company is Allianz Societas Europaea ('Allianz SE'), a company incorporated in Germany, the controlling party. Allianz SE is the first and largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. These financial statements therefore provide information about the Company as an individual undertaking. Copies of the financial statements of the ultimate holding company, Allianz SE, are available on request from Allianz SE, Koeniginstrasse 28, 80802, München, Germany.

19 Cash flow statement

The Company has taken advantage of the exemption under paragraph 8 (h) of FRS 101 from the requirements of IAS 7 Statement of Cash flows, and hence has not presented a cash flow statement.

20 Related party transactions

The Company has taken advantage of the exemption under paragraph 8 (j) and (k) of FRS 101 from certain requirements under IAS 24 Related party disclosures. These include the requirement to disclose transactions entered into by the Company with other wholly owned members of Allianz SE, and the requirement to present disclosures on compensation arrangements for key management personnel. See note 7 for disclosures relating to Directors' remuneration.