

Registered Number: 04521167

Annual Report and Financial Statements 2023
Allianz Business Services Limited

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Company Information

Directors	H L Bryant S Darroch (appointed 18 January 2023) C J Holmes (appointed 1 May 2023) U Lange (appointed 30 May 2023) C L Sambrook (appointed 8 February 2023)
Company secretary	C M Twemlow
Registered office	57 Ladymead Guildford Surrey GU1 1DB
Registered number	04521167
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2023.

Principal activities of the Company

Allianz Business Services Limited (“the Company”) is a Financial Conduct Authority regulated insurance intermediary, which operates mainly in the commercial insurance sector in the United Kingdom. The Company is a specialist distributor of insurance products to small and medium sized enterprises. The Company principally undertakes insurance broking activities underwritten by Allianz Insurance plc (“Allianz”) and other insurers, under the ‘Premierline Business Insurance Brokers’ brand.

Business review

The results for the year are set out in the Statement of Profit and Loss on page 9. The profit before tax for the year amounted to £185k (2022: £197k loss before tax). The Company has continued to focus on revenue growth both from continued retention of existing customers as well as new business growth, whilst continuing to maintain tight control over the cost base which has supported the delivery of a profit in 2023.

Key performance indicators

The financial key performance indicators monitored by the Company are the pre-tax result, total equity and revenue. The profit before tax for the year amounted to £185k (2022: £197k loss before tax) and the revenue for the year was £6,038k, an increase of 5% on the 2022 revenue of £5,766k. Overall expenses have reduced from £5,963k in 2022 to £5,865k in 2023. The Company has maintained strong discipline over the management of its expense base, which coupled with improved control over cash collection and credit risk management, has more than offset the inflationary pressures on the Company’s cost base.

At the year end, the Company had total equity of £1,190k (2022: £1,027k); the increase attributable to the profit after tax in the year. The Company also monitors Capital Adequacy. In 2022, the Capital Resources requirement was £151k (2022: £145k). The Company ended the year with a surplus of £1,039k (2022: £882k) over the requirement.

Principal risks and uncertainties

The principal risk facing the Company is considered to be Conduct risk related to its regulated activity which is addressed by following the Allianz Holdings plc Group (“the Group”) governance processes. Through the shared governance of the Group, any operational risk is deemed to be minor. In terms of financial risk, the key area of risk to the Company is considered to be Credit risk. The Company has reinforced its control in this area during 2023 with a revised cash collection and credit policy. Furthermore, detailed management information is presented at key management committees including the Board of Directors. Other areas of financial risk continue to be minimal. The Company also recognises the risk of cyber-attacks. 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.

Future outlook

The Company’s strategy continues to focus on revenue growth whilst continuing to maintain tight control over its cost base. Although starting to slow, inflationary pressures continue in the wider economy, which could present business challenges due to impacts on our customers and general upward pressure on the Company’s costs.

After reviewing the overall composition and future growth ambitions of the Group, the Directors of the immediate parent concluded that the Company was not core to the Group’s strategy. A sale of the Company has subsequently been agreed on 12 March 2024 to Beyond Doubt Holdings Limited (‘BDH’) subject to regulatory approval and certain other completion conditions.

Going concern

A sale of the Company was agreed on 12 March 2024 to BDH, subject to regulatory approval and certain other completion conditions. As of the date of this report, the sale has not yet been completed.

Although the Directors understand the intention of BDH is to continue to operate the Company as a going concern, and indeed the steps taken by BDH during the acquisition process have been consistent with this intention, the potential pending sale of the Company expects to result in a change in ownership and control of the Company within 12 months of the date of approval of this report and financial statements. As a result, the directors cannot assess or control all circumstances in the future of the Company. This includes, but it is not limited to the strategy and plan for the Company and the intent and ability of any new owners to continue to operate and finance the Company. The change of control position, therefore, indicates a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern. There is a reasonable expectation that the company will continue to operate for the foreseeable future, and the forecasts prepared by management based on the current activities and ownership of the Company demonstrate that there are adequate resources to support the Company for at least the next 12 months.

Strategic Report (continued)

Going concern (continued)

Having considered all of the above, the Board is of the opinion that the going concern basis adopted in the preparation of the financial statements remains appropriate and the financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

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 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 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 the value for the Company, its parent, the Group and the wider Allianz SE Group.

During the financial year, the Company was a wholly owned subsidiary of Allianz Holdings plc ("AZH") which is part of the Group. As a result of the governance structure of the Group, some strategic decisions and stakeholders interests (such as employees, community and the environment), were considered on a Group- wide basis by the board of AZH or its committees rather than at a subsidiary board level.

As a wholly owned subsidiary of the Group during the financial year and in line with the duty to promote the success of the Company for the benefit of its shareholder, the Company's Board had regard to the overall strategy and direction of the Group, including the impact on broader stakeholders of the Group, when making decisions. Stakeholders, their interests and the manner in which the Company engages with them, are integral to how the Company conducts business.

The Company's key stakeholders are its shareholder, its customers, its regulator (the Financial Conduct Authority) and employees working in its business (who are employed by another entity within the Group). The Board also consider wider stakeholders such as the local communities in which it operates.

The Company's Board meets at least quarterly. Additional ad hoc meetings are held as required. The Board considers all decisions put to it from the perspective of the Company and has regard to the Company's stakeholders and their interests. The Directors also consider the long term consequences of decisions on the Company and the wider Group.

In the reporting period the Board received quarterly updates on the Company's performance against the business plan, risk, compliance and conduct risk matters. The Board also received updates on the Consumer Duty Regulation implementation; monitoring; and how the Consumer Duty principles were being embedded into the culture of the business.

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. In that regard the following principal decision was taken:

Future Business Operations

Section 172 considerations: interests of employees, shareholders and relationships with customers and suppliers.

Stakeholders: customers, shareholder, suppliers, regulators

After reviewing the overall composition of the business and future growth ambitions of the Group, the Directors of the immediate parent concluded that the Company was not core to the Group's strategy. A sale of the Company was subsequently agreed on 12 March 2024 to Beyond Doubt Holdings Limited ('BDH') subject to regulatory approval and certain other completion conditions. The Board considered the impact of the sale on the Company's key stakeholders throughout the sale process.

On behalf of the Board



U Lange

Director

24 May 2024

Directors' Report

The directors present their audited Annual Report and financial statements for the year ended 31 December 2023.

Directors

The directors, who held office during the year, and up to the date of signing the financial statements, were as follows:

H L Bryant

S Darroch (appointed 18 January 2023)

C J Holmes (appointed 1 May 2023)

U Lange (appointed 30 May 2023)

E C Mallinson (ceased 29 December 2023)

S C McGinn (ceased 30 April 2023)

C L Sambrook (appointed 8 February 2023).

Directors' liabilities

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

Results and dividends

The results for the year are set out in the Statement of Profit and Loss 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 2. No interim dividend was paid for the year ended 31 December 2023 (2022: £nil). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: £nil).

Future outlook

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

Going concern

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

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 3.

Independent Auditors

PricewaterhouseCoopers LLP will resign as auditors after the completion of their audit in respect of the financial year ended 31 December 2023. A new firm of auditors will then be appointed after the completion of the purchase of the Company by BDH.

On behalf of the Board



U Lange

Director

24 May 2024

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 a 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 financial statements published on the parent 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.

On behalf of the Board



U Lange

Director

24 May 2024

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

Report on the audit of the financial statements

Opinion

In our opinion, Allianz Business Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 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 2023 (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2023; the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. There is a potential pending sale of the Company which is expected to result in a change in ownership and control of the Company within 12 months of the date of approval of the financial statements. As a result, the Directors cannot assess or control additional future potential scenarios for the Company. This includes, but it is not limited to the strategy and plan for the Company and the intent and ability of any new owners to continue to operate and finance the Company. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If,

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

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 2023 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those established by the Financial Conduct Authority ("FCA"), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries which may impact the financial performance and position of the company, management bias in accounting estimates and judgemental areas of the financial statements.. Audit procedures performed by the engagement team included:

- Enquiry of management to identify any instances of non-compliance with laws and regulations;

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

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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.



Sue Morling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 May 2024

Statement of Profit and Loss
For the year Ended 31 December 2023

	Note	2023	2022
		£'000	£'000
Revenue	3	6,038	5,766
Administrative expenses	4	(5,865)	(5,963)
Interest income		12	-
Profit/(loss) before tax		185	(197)
Income tax (charge)/credit	7.1	(22)	41
Profit/(loss) for the year wholly attributable to the equity holders		163	(156)

There has been no other comprehensive income in the year ended 31 December 2023 (2022: £nil).

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

Statement of Changes in Equity
For the year Ended 31 December 2023

	Share capital	Share premium	Accumulated losses	Total
	£'000	£'000	£'000	£'000
At 1 January 2022	6,125	1,512	(6,454)	1,183
Loss for the year	-	-	(156)	(156)
At 31 December 2022	6,125	1,512	(6,610)	1,027
	Share capital	Share premium	Accumulated losses	Total
	£'000	£'000	£'000	£'000
At 1 January 2023	6,125	1,512	(6,610)	1,027
Profit for the year	-	-	163	163
At 31 December 2023	6,125	1,512	(6,447)	1,190

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

Statement of Financial Position

As at 31 December 2023

	Note	2023 £'000	2022 £'000
Assets			
Trade and other receivables	10	1,582	1,642
Current tax asset	7.2	149	171
Cash and cash equivalents	11	3,002	2,108
Total assets		4,733	3,921
Equity and liabilities			
Equity			
Share capital	12	6,125	6,125
Share premium	12	1,512	1,512
Accumulated losses		(6,447)	(6,610)
Total equity		1,190	1,027
Liabilities			
Trade and other payables	13	3,196	2,415
Provisions for other liabilities and charges	14	337	467
Accruals and deferred income	15	10	12
Total liabilities		3,543	2,894
Total equity and liabilities		4,733	3,921

These financial statements on pages 9 to 21 were approved by the Board of Directors on 21 May 2024 and signed on its behalf by:



U Lange
Director
24 May 2024

Allianz Business Services Limited
Registered Number: 04521167

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

Statement of Cash Flows

For the Year Ended 31 December 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Profit/(loss) before tax		185	(197)
Adjustments for:			
Interest income		(12)	-
Changes in working capital			
Decrease in trade and other receivables	10	60	1,119
Increase in trade and other payables	13	781	797
Decrease in provisions for other liabilities and charges	14	(130)	(42)
(Decrease)/ increase in accruals and deferred income	15	(2)	3
Income tax paid	7.2	-	(4)
Cash generated from operations		882	1,676
Interest income		12	-
Net cash flows generated from operating activities		894	1,676
Net increase in cash and cash equivalents		894	1,676
Cash and cash equivalents at the beginning of the year		2,108	432
Cash and cash equivalents at the end of the year		3,002	2,108

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

Notes to the Financial Statements for the Year Ended 31 December 2023

1 ACCOUNTING POLICIES

1.1. Company and its operations

Allianz Business Services Limited ("the Company") is a private company limited by shares, incorporated in England and Wales and domiciled in the United Kingdom.

1.2. Statement of compliance

The financial statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

1.3. Basis of preparation

The financial statements have been prepared on the historical cost basis. The functional and presentational currency is British Pounds.

Comparative information

All comparative information presented is on a comparable basis with consistent accounting policies applied.

Going concern

A sale of the Company was agreed on 12 March 2024 to Beyond Doubt Holdings Limited ('BDH'), subject to regulatory approval and certain other completion conditions. As of the date of this report, the sale has not yet been completed.

Although the Directors understand the intention of BDH is to continue to operate the Company as a going concern, and indeed the steps taken by BDH during the acquisition process have been consistent with this intention, the potential pending sale of the Company expects to result in a change in ownership and control of the Company within 12 months of the date of approval of this report and financial statements. As a result, the directors cannot assess or control all circumstances in the future of the Company. This includes, but it is not limited to the strategy and plan for the Company and the intent and ability of any new owners to continue to operate and finance the Company. The change of control position, therefore, indicates a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. There is a reasonable expectation that the company will continue to operate for the foreseeable future, and the forecasts prepared by management based on the current activities and ownership of the Company demonstrate that there are adequate resources to support the Company for at least the next 12 months.

Having considered all of the above, the Board is of the opinion that the going concern basis adopted in the preparation of the financial statements remains appropriate and the financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

New standards and interpretations adopted by the Company

There are no new standards and interpretations affecting the Company that are mandatorily effective from 1 January 2023. The accounting policies have been consistently applied unless a new policy has been implemented.

New standards and interpretations not yet adopted by the Company

New standards and interpretations which are not mandatorily effective have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early; instead it will apply the standards from the effective date as determined by the date of UK Endorsement Board ("UKEB").

1.4 Summary of significant accounting policies

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

(a) Income taxes

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

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

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

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies (continued)

(b) Trade and other receivables

Trade and other receivables are initially recognised and subsequently re-measured at amortised cost after taking in account any impairment losses. Trade and other receivables shall be derecognised when the contractual right to receive cash flows expires or when the asset is transferred. An expected credit loss ("ECL") provision is assessed as at the Statement of Financial Position 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").

(c) Cash and cash equivalents

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

(d) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are initially recognised and subsequently measured at cost because they are expected to be settled within twelve months and their carrying value is a reasonable approximation of fair value.

(e) Revenue recognition

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

- Introduction of insurance business and processing renewals - the transaction price has been allocated to this obligation based on the average amount of time taken to introduce new business and process a renewal. This obligation is fully satisfied upon the introduction or renewal of insurance products and as such the revenue is recognised fully on the acceptance date of the underlying policy.
- Processing mid-term adjustments - the transaction price has been allocated to this obligation based on the average amount of time taken to process a mid-term adjustment. This obligation is fully satisfied upon the adjusting the policy and as such the revenue is recognised fully on the acceptance date of the underlying policy.
- Administration fixed fee charged for mid-term adjustments - the transaction price has been allocated to this obligation based on a fixed fee rate per mid-term adjustment as outlined in the Company's terms and conditions. This obligation is fully satisfied upon adjusting the policy and as such the revenue is recognised immediately.
- Introduction to a premium finance provider – the transaction price has been allocated to this obligation based on the finance commission received from the premium finance provider. This obligation is fully satisfied upon the introduction to the premium finance provider and as such the revenue is recognised fully on the acceptance date of the underlying insurance policy.

A provision is recognised by the Company where consideration receivable by the Company may be subject to clawback.

(f) Administrative Expenses

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

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies (continued)

(g) Provisions for other liabilities and charges

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

2 USE OF CRITICAL ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Company makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, but actual outcomes may differ from the estimates made. This is most significant in the case of the Company's ECL allowances (note 10) and clawback provisions (note 14).

The most significant assumption within the calculation of ECL allowances is the propensity of the debtors to default. If default experience was to increase by 50% compared to the assumption used in the calculation (which is based on current experience), this would result in additional allowance and cost to the Statement of Profit and Loss of £10k.

The key assumption within the calculation of the clawback provision is the rate of cancellation of the agreements with the premium finance company by the policyholder. If cancellation experience was to increase by 50% compared to the assumption used in the calculation (which is based on current experience), this would result in the provision increasing by £143k but also the expected recovery of amounts clawed back by the Company would increase by £105k. The net impact to the Statement of Profit and Loss would therefore be £38k.

3 REVENUE

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

	2023	2022
	£'000	£'000
Introduction and renewal of insurance business	5,450	5,153
Processing mid-term adjustments	42	35
Administration fixed fee charged for mid-term adjustments	39	27
Introduction to a premium finance provider	499	563
Lapse provision (note 14)	8	(12)
Total Revenue	6,038	5,766

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

4 ADMINISTRATIVE EXPENSES

	2023	2022
	£'000	£'000
Recharge from Allianz Management Services Limited ("AMS")	5,826	5,601
Other expenses	39	362
Total administrative expenses	5,865	5,963

Other expenses are made up of network fees and associated costs of £39k (2022: £26k). In 2022, additional amounts are included in other expenses for costs associated with provisions made against amounts receivable from insurers of £83k and costs associated with allowances for non-recovery of trade receivables recorded outside of the group expense system of £253k. Such equivalent amounts are contained fully within the recharge from AMS in 2023.

5 EMPLOYEE RELATED COSTS

The Company has no employees (2022: none) and as such incurs no direct employee related costs.

6 AUDITORS' REMUNERATION

The total remuneration payable by the Company excluding VAT, to its auditors in respect of the audit of these financial statements, is shown below. The Company's audit fees are borne by AMS. Other services supplied pursuant to legislation were £nil (2022: £nil).

	2023	2022
	£'000	£'000
Fees payable for the audit of the Company's auditors and associates	67	70

7 INCOME TAX CHARGE/(CREDIT)

7.1 Income tax charge/(credit) recognised in profit or loss

	2023	2022
	£'000	£'000
Current tax		
In respect of the current year	27	(40)
In respect of prior years	(5)	(1)
Total income tax charge/(credit) recognised in the current year	22	(41)

The tax assessed on the year is lower (2022: lower) than the standard rate of corporation tax in the United Kingdom of 23.5% (2022: 19%).

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

7 INCOME TAX CHARGE/(CREDIT) (continued)

7.1 Income tax charge/(credit) recognised in profit or loss (continued)

The differences are reconciled below:

	2023	2022
	£'000	£'000
Profit/(loss) before tax	<u>185</u>	<u>(197)</u>
Income tax at standard rate (23.5% (2022: 19%))	43	(37)
Transfer pricing adjustments	(16)	(3)
Decrease in current tax from adjustment for prior periods	<u>(5)</u>	<u>(1)</u>
Income tax charge/(credit) recognised in Profit and Loss	<u>22</u>	<u>(41)</u>

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

The Company's group is within the scope for the Organisation of Economic Cooperation and Development (OECD) Pillar Two model rules. Pillar Two legislation was enacted in the UK, the jurisdiction in which the company is incorporated, and will come into effect from 1 January 2025. Since the Pillar Two legislation was not effective at the reporting date, the Company has no related current tax exposure. The Company's group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the group is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion Rules (GloBE) effective tax rate per jurisdiction and the 15% minimum rate. The group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there might still be Pillar Two tax implications. The group is currently engaged with tax specialists to assist it with applying the legislation.

7.2 Tax paid for cash flow purposes

	2023	2022
	£'000	£'000
Current tax asset at 1 January	(171)	(126)
Amounts charged/(credited) to the Statement of Profit and Loss	22	(41)
Tax paid during the year	<u>-</u>	<u>(4)</u>
Current tax asset at 31 December	<u>(149)</u>	<u>(171)</u>

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

8 DIRECTORS' EMOLUMENTS

Three Directors (2022: two) out of seven (2022: four) who were in office during the year, were remunerated for their roles as Directors of the Company during the year. Details of their remuneration have been set out below:

	2023	2022
	£'000	£'000
Emoluments	328	205
Company pension contributions to defined contribution schemes	22	24
Number of Directors accruing benefits under defined contribution scheme	2	2

The amounts paid in respect of the highest paid Director are as follows:

Emoluments	169	106
Company pension contributions to defined contribution schemes	17	12

C Holmes, H L Bryant, S C McGinn and U Lange provided services to the Company and other companies within the Allianz UK Group and it is not possible to make an accurate apportionment of their remuneration in respect of their roles as Directors of the Company. Accordingly, no remuneration is being disclosed for them. The remuneration of these Directors was paid by Allianz Management Services Limited ("AMS") except U Lange's remuneration which was paid by Allianz SE, the ultimate parent undertaking of the Company, with costs borne by AMS. C L Sambrook provided services to the Company and other companies within the Allianz UK Group. She was remunerated by Liverpool Victoria General Insurance Group Limited ("LVGIG") and, for her services as Director of the Company in 2023, £124k was recharged to the Company through Fairmead Insurance Limited which is another Allianz UK Group company. AMS and LVGIG are Group Services Companies and make no recharge to the Company for such costs except where these have been disclosed within this note. No payment for loss of office was made to any Director by the Company in 2023 (2022: £nil).

9 DIVIDENDS

No interim dividend was paid for the year ended 31 December 2023 (2022: £nil). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: £nil).

10 TRADE AND OTHER RECEIVABLES

	2023	2022
	£'000	£'000
Trade receivables	1,408	1,465
Other receivables	174	177
Total trade and other receivables	1,582	1,642

As at 31 December 2023, specific provision of £72k (2022: £174k) was recognised where trade receivables are considered to be not recoverable. An ECL allowance of £20k (2022: £51k) has also been made at 31 December 2023. All of the Company trade and other receivables are due within one year of the Statement of Financial Position date.

11 CASH AND CASH EQUIVALENTS

	2023	2022
	£'000	£'000
Cash and cash equivalents	3,002	2,108
Total cash and cash equivalents	3,002	2,108

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

12 EQUITY

Share capital – allotted, called up and fully paid

	No.	£
Ordinary shares of £1 each as at 31 December 2022 and 31 December 2023	6,124,640	6,124,640

Share premium

	£
Share premium classified as fully paid as at 31 December 2022 and 31 December 2023	1,512,087

13 TRADE AND OTHER PAYABLES

	2023	2022
	£'000	£'000
Amounts payable to related party	1,383	1,061
Trade payables	1,813	1,354
Total trade and other payables	3,196	2,415

Within Trade and other payables are certain amounts due from insurance partners which are, in the ordinary course of business, recovered by netting them off any settlement payment made by the Company. Where there is doubt over the recovery of any such receivable balance, provision is made in full. As at 31 December 2023, this provision amounted to £90k (2022: £121k).

All of the balances are payable within one year of the Statement of Financial Position date.

14 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Lapse	Clawback	Restructuring	Total
	£'000	£'000	£'000	£'000
At 1 January 2022	46	426	37	509
Provision charged/ (released)	12	(17)	(37)	(42)
At 1 January 2023	58	409	-	467
Provision (released)	(8)	(122)	-	(130)
At 31 December 2023	50	287	-	337

In instances where the policyholder's underlying insurance policy is cancelled back to inception, the Company may repay the commission and any associated fee income to the policyholder. The lapse provision is the expected value of such repayments for policies accepted, and therefore income recognised in respect of, prior to the Statement of Financial Position date.

The Company has an arrangement with a premium finance company who offers credit to certain of the Company's customers. Under the terms of that arrangement, if there is a cancellation of the policyholder's agreement with the premium finance company then the premium finance company has recourse to the Company for any amount not settled by the customer. The Clawback provision allows for such expected cancellation events and clawback of monies from the Company. The Company also recognises a related receivable for the amount expected to be clawed back which the Company expects to recover through return premium from the insurer due to cancellation of the insurance policy or through repayment by the policyholder. As at 31 December 2023, this receivable amounted to £210k (2022: £309k).

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

14 PROVISIONS FOR OTHER LIABILITIES AND CHARGES (continued)

Restructuring activity initiated in 2021 completed in 2022. The restructuring related to the Corporate Partner Contract which ended in January 2022 and resulted in a reduction in headcount and associated severance costs.

All of the settlements relating to the above provisions are expected to be made within one year of the Statement of Financial Position date.

15 ACCRUALS AND DEFERRED INCOME

	2023	2022
	£'000	£'000
Accruals and deferred income	10	12
Total accruals and deferred income	10	12

16 RISK MANAGEMENT POLICIES

Capital management

The Company's capital risk is determined with reference to the requirements of the Group. In managing capital, the Company seeks to maintain sufficient, but not excessive, financial strength to support the payment of dividends and the requirements of all stakeholders. The sources of capital used by the Company are equity shareholders' funds. At 31 December 2023 the Company had £1,190k (2022: £1,027k) of total capital employed. The Company is a specialist distributor of insurance products to small and medium sized enterprises based in the United Kingdom. Its operations are primarily based in the United Kingdom hence any risk exposure is almost entirely confined within the United Kingdom.

The Company also monitors Capital Adequacy. In 2023, the Capital Resources requirement was £151k (2022: £145k). The Company ended the year with a surplus of £1,039k (2022: £882k) over the requirement.

Financial Risk

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

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity prices will affect the value of the Company's assets and income. The Company is not materially exposed to market risk.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts due to the Company in full when they fall due. The Company is exposed to credit risk through its cash and cash equivalents and trade and other receivables.

The cash and cash equivalents are held with a financial institution with an A credit rating.

The trade receivables are due from either the policyholder or from the premium finance provider where the policyholder has entered into a credit agreement with that provider. The Company has a Cash collection and credit policy which sets out the Company's approach to managing the potential credit risk associated with these trade receivables. Specific provision and ECL allowances as at 31 December 2023 are detailed in note 10.

All receivables are due within one year of the Statement of Financial Position date.

Liquidity risk

Liquidity risk is the risk that funds may not be available to settle obligations when they fall due. The Company monitors liquidity risk through monthly cash flow forecast reviews. The Company continues to maintain sufficient liquid assets to meet its liabilities when they fall due. All payable within one year of the Statement of Financial Position date.

Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

17 PARENT AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Allianz Holdings plc (AZH), a company registered in England and Wales. The ultimate parent undertaking, Allianz Societas Europaea ("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.

The most senior parent entity producing publicly available financial statements is Allianz SE. These financial statements are available upon request from their registered office address of Allianz SE, Königinstrasse 28, 80802 München, Germany.

18 RELATED PARTY TRANSACTIONS

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

	2023	2022
	£'000	£'000
Commission from related parties	810	921
Administrative service expenses	5,826	5,601

The commission from related parties principally relates to commission from Allianz, but also commission from other sister companies within the wider AZH group of companies in the UK.

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

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

	2023	2022
	£'000	£'000
Insurance related balances due to related parties	503	545
Administrative expense related balance due to related parties	1,383	1,061

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

All amounts due from and due to related parties are deemed to be settled within one year of the Statement of Financial Position date.

19 SUBSEQUENT EVENTS

After reviewing the overall composition and future growth ambitions of the Group, the Directors of the immediate parent concluded that the Company was not core to the Group's strategy. A sale of the Company has subsequently been agreed on 12 March 2024 to BDH, subject to regulatory approval and certain other completion conditions.