

Registered number: 05441840

Annual Report and Financial Statements 2023
**Allianz Engineering Inspection
Services Limited**

Allianz Engineering Inspection Services Limited

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Allianz Engineering Inspection Services Limited

Company Information

Directors G A Gibson
J A Harrison
N S O Hobbs

Company secretary C M Twemlow

Registered office 57 Ladymead
Guildford
Surrey
GU1 1DB

Registered number 05441840

Independent Auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Allianz Engineering Inspection Services Limited

Strategic Report for the Year Ended 31 December 2023

The Directors present their strategic report for the year ended 31 December 2023.

Principal activities

Allianz Engineering Inspection Services Limited ("the Company") acts as a provider of engineering inspection services.

Business review

The results for the year are set out in the Statement of Profit and Loss and Other Comprehensive Income on page 12. The profit for the year amounted to £1,294k (2022: £2,339k). The profit before tax in the year arose almost entirely from revenue earned from engineering inspection services less associated administrative expenses.

Whilst revenue has increased, costs have risen at a faster rate, because of the additional costs associated with recruiting additional engineer surveyors and the direct sales and marketing team.

Key performance Indicators ("KPIs")

The financial KPIs monitored by the Company are profit before tax and total equity. The profit before tax for the year amounted to £2,459k (2022: £3,125k profit) and the total equity was £10,271k (2022: £14,977k).

The Company monitors two non-financial KPIs. The level of up to date inspections and the maintenance of its technical accreditation by the regulator United Kingdom Accreditation Service ("UKAS"). In 2023, the Company achieved an average of 99.37% of up to date inspections (2022: 99.00%) and obtained its technical UKAS accreditation in April 2023 (2022: achieved in April).

Principal risks and uncertainties

The principal risk facing the Company is that a failure to perform its contractual and statutory obligations properly in respect of engineering inspections could give rise to liability claims and criminal prosecution. It manages this risk by ensuring that all inspections are carried out by qualified engineers along with quality control procedures and regular training.

Future outlook

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

Going concern

The Directors, having undertaken an assessment, are confident in the Company's ability 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 Allianz Holdings plc Group ("the Group") and the wider Allianz Societas Europaea ("Allianz SE").

The Company is 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), are 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 and in line with the duty to promote the success of the Company for the benefit of its shareholder, the Company's Board must have regard to the overall strategy and direction of the Group, including the impact on broader stakeholders of the Group, when making decisions. Stakeholders, their interests and the manner in which the Company engages with them, are integral to how the Company conducts business.

Allianz Engineering Inspection Services Limited

Strategic Report for the Year Ended 31 December 2023 (continued)

Section 172 (1) Companies Act 2006 Statement (continued)

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.

Stakeholder Engagement

The Company's stakeholders include customers, its direct employees, employees of the Group who work on its business, suppliers, the Company's regulator and government agencies, as well as the wider community.

Customers

Engagement with customers takes place through a number of channels including the use of Customer Satisfaction Surveys and Service Quality Evaluation questionnaires. Feedback is also sought from customers using the Net promoter Score ("NPS"). The NPS is an important indicator of customer-centric culture across the Group. The results and feedback received are incorporated within management information presented by the Board.

Employees

The Group's staff are mostly employed by Allianz Management Services ("AMS"), however, the Board applies a specific focus to the engineering inspection staff, as well as the staff employed directly by the Company who were resident in and worked on the Company's business in Republic of Ireland. The Board is provided with management information on various matters including staff health and safety, training, resourcing, attrition, absence, relations, employee engagement on key matters including their areas of concern and regulatory matters at its meetings. The Company engages regularly with Unite, a trade union for some staff within the Group, which exists to protect and improve employee interests. Discussions with Unite regarding employees working for the Company are escalated to the Board as appropriate. During the year, the Board received regular health and safety updates including statements on whether the existing controls remained effective. The Group also operates other means of engaging with and seeking the feedback of employees across all areas of its business, such as the annual Allianz Employee Engagement survey. The Board discussed employee feedback in the form of pulse survey results and how the actions were being managed.

Suppliers

Supplier relationships and the sourcing process are governed across the Group by adherence to requirements laid out in the Allianz Global Standard for Procurement through the Local Procurement Standard. As a consequence, in 2023, the Company gave due consideration to significant intended supplier arrangements and their suitability and ability to meet the Group's requirements including areas such as information security, data privacy, risk, protection and resilience. The Group has established a Supplier Relationship Management Team to specifically assist Group Companies, including the Company, with the management of supplier relationships by creating a framework of best practice controls and governance, and by supporting the business in managing significant supplier relationships and driving value throughout the life of supplier contracts. Management engages with suppliers in the ordinary course of business and escalate matters to the Board as required. Due consideration is given to intended supplier arrangements, their suitability and ability to meet the Company's or Group's requirements and the ease with which a productive and mutually-beneficial working relationship can be established and maintained with each supplier.

Regulator and Government Agencies

Relevant guidance, policy statements, reports and other forms of publication issued by the Company's regulator (the Financial Conduct Authority), UKAS and Government Agencies (such as the Health and Safety Executive) from time to time are examined and discussed by the Board and taken into account when considering matters for approval. These deliberations are appropriately minuted.

Community and the environment

As a subsidiary of the Group, the Company is acutely aware of the broader impact it has on its various environments, its customers and society in general, and adheres to and participates in the Group's corporate social responsibility policies and practices.

Allianz Engineering Inspection Services Limited

Strategic Report for the Year Ended 31 December 2023 (continued)

Section 172 (1) Companies Act 2006 Statement (continued)

Principal decisions

During the year the Board received regular updates regarding health and safety matters, quality reviews, customer satisfaction, staff training, top risks, trading, and legal and regulatory updates. During the year the Board approved the financial statements for the year ended 31 December 2022 and in approving them considered the interests of all of its stakeholders, in particular its shareholder and the wider Group.

Interim Dividend

Section 172 Considerations: Promoting the success of the Company for the benefit of the Company's members the likely consequences of any decision in the long term and the need to act fairly as between members of the Company.

Stakeholders: Shareholder, creditors and suppliers and employees

Stakeholder Consideration in the Board's Decision Making: The Board considered and made payment of an interim dividend of £6,000k ("interim dividend") to the shareholder. In doing so the current and future solvency of the Company were reviewed as was the current economic environment at that time. The Board acknowledged that the business had sufficient reserves to pay the interim dividend which was subsequently paid in March 2023.

On behalf of the Board



G A Gibson
Director
5 July 2024

Allianz Engineering Inspection Services Limited

Directors' Report for the Year Ended 31 December 2023

The Directors present their audited annual report and financial statements for the year ended 31 December 2023.

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

- Results for the year;
- Principal activities of the Company;
- Business review and Future prospects and
- Stakeholders.

Directors

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

G A Gibson

J A Harrison

N S O Hobbs

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 and Other Comprehensive Income on page 12. A review of the Company's business activities and any likely future developments can be found in the Strategic Report on page 2.

An interim dividend of £6,000k was paid during 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

These financial statements have been prepared on a going concern basis. The Board has reviewed the Company's forecasts for the next 12 months and beyond. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing the financial statements.

Streamlined Energy and Carbon Reporting ("SECR")

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

The SECR statement covers the reporting period 1 January 2023 to 31 December 2023 and has been prepared in line with the requirements of the SECR regulations and the relevant areas of the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard.

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

Allianz Engineering Inspection Services Limited

Directors' Report for the Year Ended 31 December 2023(continued)

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

'Location based' Method

The total energy consumption for 2023 was 13,075,114.53kWh (2022: 16,034,389.25kWh) equating to 2,999.841tCO₂e (2022: 3,432.989 tCO₂e).

	2023	2022
Emissions from combustion of gas (Scope 1)	511.645 tCO₂e	345.008 tCO₂e
Emissions from combustion of fuel for transport purposes (Scope 1)	1,342.881 tCO₂e	1,454.868 tCO₂e
Emissions from purchased electricity (Scope 2)	899.530 tCO₂e	1,005.318 tCO₂e
Emissions from third party purchased natural gas (Scope 2)	-	443.209 tCO₂e
Emissions from Transmission and Distribution (Scope 3)	58.212 tCO₂e	55.235 tCO₂e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	187.573 tCO₂e	129.351 tCO₂e

Carbon intensity: Emissions of tCO₂e/full-time equivalent during 2023 was 0.694 tCO₂e (2022: 0.786 tCO₂e).

However, the Company's strategy has been to purchase renewable energy backed by Renewable Electricity Guarantees of Origin ("REGO") certificates. Through this strategy, within the above 2023 total energy consumption, the Company has sourced a total of 3,931,652.06 kWh (2022: 5,124,261.79 kWh) of REGO backed (zero emission) electricity for use within buildings, equating to 100% (2022: 98.57%) of total building electricity consumption.

'Market Based' Method

The total energy consumption for 2023 was 13,075,114.53 kWh (2022:16,034,389.25 kWh) equating to 2,134.876 tCO₂e (2022: 2,388.140 tCO₂e).

	2023	2022
Emissions from combustion of gas (Scope 1)	511.645 tCO₂e	345.008 tCO₂e
Emissions from combustion of fuel for transport purposes (Scope 1)	1,342.881 tCO₂e	1,454.868 tCO₂e
Emissions from purchased electricity (Scope 2)	85.385 tCO₂e	14.388 tCO₂e
Emissions from third party purchased natural gas (Scope 2)	-	443.209 tCO₂e
Emissions from Transmission and Distribution (Scope 3)	7.391 tCO₂e	1.316 tCO₂e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	187.573 tCO₂e	129.351 tCO₂e

Carbon intensity: Emissions of tCO₂e/full-time equivalent during 2023 was 0.494 tCO₂e (2022: 0.547 tCO₂e).

Allianz Engineering Inspection Services Limited

Directors' Report for the Year Ended 31 December 2023(continued)

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

'Market Based' Method (continued)

Energy Efficiency actions taken during 2023:

As the Company consolidates the office portfolio, the Allianz Buildings Minimum Performance Criteria has been utilised to select the most energy efficient office space available. Part of this strategy also entails the installation of electric vehicle charging points and donating any excess office furniture to local charities and schools.

- As part of the consolidation, refurbishment and new office fit outs, the following actions were taken across 3 sites. Adapted landlord energy efficient LED light fittings and PiR controls (movement sensors) have been updated.

- During the fit out of the new Bristol Victoria Street office, further actions were taken: Adapted landlord energy efficient air-con and heating systems were installed. Also, adapted landlord energy efficient LED light fittings and PiR controls (movement sensors).

The Company is committed to an intermediate target to reduce GHG emissions per employee by 70% as of year end 2030, against a 2019 baseline across Scope 1, Scope 2, and selected Scope 3 emissions. Key levers for GHG emission reduction will be the areas of Renewable Electricity, Buildings, as well as Fleet, Business Travel, and Procurement. In the area of Renewable Electricity, the Company source 100% renewable electricity from 2023 onwards and implement energy efficiency measures. For Fleet and Business Travel, we aim to shift to a fully electric corporate car fleet by 2030 at the latest, achieve a 40% reduction of GHG emissions from travel activities by 2025 compared to a 2019 baseline. For Procurement, the Company will ask 100% of global framework vendors in our supply chain that provide services globally to establish a public commitment to net-zero GHG emissions in line with the 1.5°C path by 2025

Stakeholder Engagement statements

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

Independent Auditors

Pursuant to section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been re-appointed as auditors at the end of 28 days beginning with the day on which copies of these report and financial statements are sent to members.

On behalf of the Board



G A Gibson
Director

5 July 2024

Allianz Engineering Inspection Services Limited

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 apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the Board



G A Gibson
Director
5 July 2024

Independent auditors' report to the members of Allianz Engineering Inspection Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Allianz Engineering Inspection 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 and Other Comprehensive Income, the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 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 the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries which may impact the financial performance and position of the company, and 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;
- Reviewing relevant meeting minutes including those of the Board of Directors;
- Testing the accounting estimate regarding the measurement of the performance obligation satisfied over time;
- Identifying and testing journal entries, in particular any journal entries that are determined to demonstrate fraud characteristics; and
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Natalie Brookes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 July 2024

Allianz Engineering Inspection Services Limited

Statement of Profit and Loss and Other Comprehensive Income For the Year Ended 31 December 2023

	Note	2023 £'000	2022 £'000
Revenue	3.1	99,413	91,457
Administrative expenses	4	<u>(96,954)</u>	<u>(88,332)</u>
Profit before tax		2,459	3,125
Income tax expense	5.1	<u>(1,165)</u>	<u>(786)</u>
Profit for the year wholly attributable to the equity holder		<u>1,294</u>	<u>2,339</u>

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

The accounting policies and notes on pages 16 to 24 are an integral part of these financial statements.

Allianz Engineering Inspection Services Limited

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

		Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2022		-	12,638	12,638
Profit for the year		-	2,339	2,339
At 31 December 2022		-	14,977	14,977
	Note	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2023		-	14,977	14,977
Profit for the year		-	1,294	1,294
Dividends paid	15	-	(6,000)	(6,000)
At 31 December 2023		-	10,271	10,271

The accounting policies and notes on pages 16 to 24 are an integral part of these financial statements.

Allianz Engineering Inspection Services Limited

Statement of Financial Position As at 31 December 2023

	Note	2023 £'000	2022 £'000
Assets			
Deferred expenses	4	4,490	4,115
Trade and other receivables	6	<u>54,103</u>	<u>54,122</u>
Total assets		<u>58,593</u>	<u>58,237</u>
Equity and liabilities			
Equity			
Share capital	7	-	-
Retained earnings		<u>(10,271)</u>	<u>(14,977)</u>
Total equity		<u>(10,271)</u>	<u>(14,977)</u>
Liabilities			
Trade and other payables		(113)	(79)
Income tax liability	5.3	(1,165)	(734)
Contract liability		<u>(47,044)</u>	<u>(42,447)</u>
Total liabilities		<u>(48,322)</u>	<u>(43,260)</u>
Total equity and liabilities		<u>(58,593)</u>	<u>(58,237)</u>

These financial statements on pages 12 to 24 were approved by the Board of Directors on 24 June 2024 and signed on its behalf by:



G A Gibson
Director
5 July 2024

Allianz Engineering Inspection Services Limited
Registered Number: 05441840

The accounting policies and notes on pages 16 to 24 are an integral part of these financial statements.

Allianz Engineering Inspection Services Limited

Statement of Cash Flows For the Year Ended 31 December 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Profit before tax		2,459	3,125
Changes in working capital			
Decrease/(increase) in trade and other payables		34	(48)
Increase in deferred expenses		(375)	(272)
Decrease/(increase) in trade and other receivables	6	19	(2,540)
Decrease in amounts due to related parties		-	(785)
Increase in contract liability	3	4,597	2,973
Cash generated from operations		6,734	2,453
Income tax paid	5.2	(734)	(2,453)
Net cash flow generated from operating activities		6,000	-
Cash flows from financing activities			
Dividends paid	15	(6,000)	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at end of year		-	-

The Company does not have its own bank account, all cash items are dealt with through intercompany accounts.

The accounting policies and notes on pages 16 to 24 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 Engineering Inspection Services Limited ("the Company") is a private limited company incorporated in England and Wales and domiciled in the United Kingdom.

1.2 Statement of compliance

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

1.3 Basis of preparation

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

Going concern

The financial statements have been prepared on a going concern basis. For more information on the going concern assessment please refer to Going Concern within the Strategic Report on page 2.

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").

New amendments to existing standards not yet adopted by the Company

Amendments to IAS 1 'Presentation of Financial Statements'

Amendments to the classification of liabilities as either current or non-current, and non-current liabilities with covenants, clarify that the classification of liabilities as either current or non-current is based solely on the Company's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance. The amendments also aim to improve the quality of information the Company provides related to liabilities subject to these conditions. These amendments are not expected to have any impact on the Company.

Amendments to IAS 21 'Foreign Exchange'

The amendments impact an entity when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. These amendments are not expected to have a material impact on the Company.

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

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of material accounting policy information

The Company has identified the accounting policies that are most significant to its business operations and the understanding of its results. In each case, the determination of these is fundamental to the financial results and position and requires management to make complex judgements based on information and financial data that may change in the future periods. Since these involve the use of assumptions and subjective judgements as to future events and are subject to change, the use of different assumptions or data could produce significantly different results. Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of significant adjustments in the next year are discussed in note 2.

The material accounting policy information adopted in the preparation of the financial statements are set out in the following paragraphs:

(a) Revenue recognition

Revenue relates to the provision of engineering inspection and other special services. Revenue is measured at the value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The Company receives payments from customers based on an invoicing schedule, as established in the Company's contracts.

- Inspection fees – the performance obligation is the provision of the inspection services being conducted by engineers. The performance obligation is satisfied upon each inspection being completed and as such, the associated revenue is recognised immediately. A straight-line earnings methodology is applied through-out the contract period, which is deemed a suitable estimate.
- Other special services - the performance obligation is the provision of the service. These are not covered by the longer term inspection contracts. Due to the one off nature of these services, the performance obligation is satisfied immediately and as such, the revenue is recognised in full.

(b) Administrative expenses

Administrative expenses incurred during the financial period that vary with and are related to securing new engineering inspection contracts and/or renewing existing engineering inspection contracts, are expensed as the revenue is earned. All other administrative expenses are recognised as they are incurred.

(c) Income taxes

Income tax on profit or loss for the year comprises current tax. Income tax is recognised in the income tax expense.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively 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.

(d) Deferred expenses

Expenses are deferred to the extent that they relate to an inspection period after the Statement of Financial Position date. The only expenses that are deferred relate to commission.

(e) Trade and other receivables

Trade and other receivables are initially recognised and subsequently re-measured at amortised cost after taking into account any impairment losses. Trade and other receivables shall be derecognised when the contractual right to receive cash flows expire or when the asset is transferred.

Allianz Engineering Inspection Services Limited

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

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of material accounting policy information (continued)

(e) Trade and other receivables (continued)

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”).

(f) Trade and other payables

Trade and other payables 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.

(g) Contract liability

Contract liability is stated at cost. The contract liability recognised is the amount of revenue allocated to the inspection period that falls after the Statement of Financial Position date. Contract liability is recognised as revenue as (or when) the Company meets the performance obligation.

(h) Retirement benefit costs

The Company sponsors a Group Personal Pension Plan (“GPPP”) which is a defined contribution scheme operated by Aviva. The cost of providing benefits is determined as the contributions payable during the year.

2 USE OF CRITICAL ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Company makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company does not consider any particular accounting policy or estimate to be susceptible to significant changes in estimates and assumptions.

3 REVENUE

3.1 Disaggregation of revenue from contracts with customers

The Company derives revenue through provision of engineering inspection and other special services categorised in the following performance obligations:

	2023	2022
	£'000	£'000
Inspection fees	93,923	85,784
Other special services	5,490	5,673
Total revenue	99,413	91,457

Allianz Engineering Inspection Services Limited

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

3 REVENUE (CONTINUED)

3.2 Liabilities related to contracts with customers

The Company has recognised the following liability related to contracts with customers:

	2023	2022
	£'000	£'000
Inspection fees	47,044	42,447
Total inspection fees	47,044	42,447

Revenue recognised during the year that was included in the contract liability balance at the beginning of the year can be reconciled below:

	2023	2022
	£'000	£'000
Balance at 1 January	39,474	38,908
Charged to statement of profit and loss and other comprehensive income	(39,474)	(38,908)
Deferred in the year	42,447	39,474
Balance at 31 December	42,447	39,474

4 ADMINISTRATIVE EXPENSES

	2023	2022
	£'000	£'000
Management fee	84,245	76,615
Commission payable to brokers	11,281	10,297
Employee related costs	1,803	1,692
Deferred expenses	(375)	(272)
Total expenses	96,954	88,332

Deferred expenses are reconciled below;

	2023	2022
	£'000	£'000
Balance at 1 January	4,115	3,843
Charged to statement of profit and loss and other comprehensive income	(4,115)	(3,843)
Deferred in the year	4,490	4,115
Balance at 31 December	4,490	4,115

Allianz Engineering Inspection Services Limited

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

5 INCOME TAX

5.1 Income tax recognised in profit and loss

	2023 £'000	2022 £'000
Current tax		
In respect of current year	1,165	734
In respect of the prior year	-	52
Total current tax	1,165	786

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

	2023 £'000	2022 £'000
Profit before tax	2,459	3,125
Income tax expense calculated at 23.5% (2022:19%)	578	594
Increase in current tax from adjustment for prior periods	-	52
Increase from transfer pricing adjustments	587	140
Income tax charge recognised in profit and loss	1,165	786

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 Organisation for Economic Cooperation and Development (“OECD”) Pillar Two model rules

The Allianz SE Group is within the scope of the 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 2024. Since the Pillar Two legislation was not effective at the reporting date, the Allianz SE Group has no related current tax exposure. The Allianz SE 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 Allianz SE 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 Allianz SE 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 cannot yet be reliably estimated. Therefore, even for those entities with an accounting effective tax rate above 15%, there might still be Pillar Two tax implications. The Allianz SE Group is currently engaged with tax specialists to assist it with applying the legislation.

Allianz Engineering Inspection Services Limited

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

5 INCOME TAX (CONTINUED)

5.2 Tax paid for cash flow purposes

	2023 £'000	2022 £'000
Current tax payable at 1 January	734	2,401
Amounts charged to the statement of profit and loss	1,165	786
Tax paid during the year	(734)	(2,453)
Current tax payable at 31 December	<u>1,165</u>	<u>734</u>

5.3 Current tax liabilities

	2023 £'000	2022 £'000
Current tax liabilities	<u>1,165</u>	<u>734</u>

6 TRADE AND OTHER RECEIVABLES

	2023 £'000	2022 £'000
Amounts due from related parties	54,103	54,120
Other receivables	-	2
Total trade and other receivables	<u>54,103</u>	<u>54,122</u>

Trade and other receivables approximate to fair value. All other receivables are due within 12 months of the Statement of Financial Position date.

The Company has concluded that the ECL model has made no significant impact on the valuation of receivables reported in the financial statements.

7 EQUITY

Share capital - allotted, called up and fully paid

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Allianz Engineering Inspection Services Limited

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

8 EMPLOYEE RELATED COSTS

	2023	2022
	£'000	£'000
Wages and salaries	1,413	1,335
Social security costs	184	161
Pension costs	206	196
Total employee related costs	1,803	1,692

The pension costs relate to a GPPP operated by Aviva. The assets of the GPPP are held separately in independently administered funds. The cost of providing benefits in the GPPP is determined as the contributions payable by the Company during the year.

The average monthly number of employees during the year was made up as follows:

	2023	2022
	No.	No.
Engineers	24	24

9 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 to the Company's auditors and its associates	48	49

10 DIRECTORS' EMOLUMENTS

The remuneration of G A Gibson and J A Harrison was paid by AMS. These directors 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 a Director of the Company. AMS is a subsidiary of AZH and a Group services company and makes no recharge to the Company for these Directors. Accordingly, no remuneration is being disclosed for these Directors.

The remuneration of N S O Hobbs was paid by AMS and recharged to the company as part of a management recharge. The recharge, which in 2023 amounted to £373k (2022: £343k) also includes a recharge of administration costs and it is not possible to identify the amount of N S O Hobbs remuneration in respect of his role as a Director of the Company.

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

11 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 £10,271k (2022: £14,977k) of total capital employed.

The Company provides engineering inspection services. Its operations are primarily based in the United Kingdom hence any risk exposure is almost entirely confined within the United Kingdom.

Financial risk

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

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity prices will affect the value of the Company's assets and income. The Company is exposed to currency risk but this is not a material exposure and is deemed to be low 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 amounts due from related parties. The Company deems this risk to be low as the receivables are due almost entirely from fellow Allianz SE Group subsidiaries and as such are A rated. All receivables are repayable on demand.

Liquidity risk

Liquidity risk is the risk that funds may not be available to settle obligations when they fall due. The Company is exposed to liquidity risk through its current tax liabilities, deferred expenses, trade and other payables and contract liability. The contract liability and deferred expenses are non-cash items and therefore management considers the associated liquidity risk to be insignificant. Liquidity risk related to the current tax liabilities and trade and other payables is deemed insignificant as the Company is financed through intercompany transactions. All payables are deemed to be payable within 1 year of the Statement of Financial Position date.

12 PARENT AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent is Allianz Holdings plc, a company registered in England and Wales.

The ultimate parent undertaking and controlling party, Allianz SE, is incorporated in Germany and is the parent of the largest and smallest group of undertakings for which Group financial statements are drawn up and of which the Company is a member. Copies of the Allianz SE Group financial statements are available on request from the ultimate parent's registered address, Allianz SE, Königinstrasse 28, 80802 München, Germany.

13 RELATED PARTY TRANSACTIONS

Transactions with and balances from or to related parties

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

Allianz Engineering Inspection Services Limited

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

13 RELATED PARTY TRANSACTIONS (CONTINUED)

	2023 £'000	2022 £'000
Administration service fees	86,050	78,307
Inspection service income	<u>35</u>	<u>132</u>

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

	2023 £'000	2022 £'000
Due from related parties at 31 December		
Other related parties	<u>54,103</u>	<u>54,120</u>
Total	<u>54,103</u>	<u>54,120</u>

The Company does not have a bank account and as such all cash transactions are dealt with through intercompany accounts. The above balance is the net receivable in respect of cash collected for inspection services net of expenses charged by a fellow group Company.

Key Management Personnel

The Company considers its key management personnel to be the Directors only. Further information is disclosed in note 10.

14 SHARE-BASED PAYMENTS

Employee Share Purchase Plan ("ESPP")

During the year, the Company offered employees the opportunity to participate in an Employee Share Purchase Plan ("ESPP"). The ESPP allows employees to purchase shares in Allianz SE by contributing a fixed monthly amount. The Company adds £1 for every £3 contributed by the employees. The terms of the scheme specify a qualifying period of employment and employees must contribute for the entirety of the plan to receive the matching amount. The maximum amount that can be invested is 8% of annual gross base salary (excluding any variable payments), up to a maximum investment of the British Pounds equivalent of €11,500. At the end of the plan period, there is a restriction period during which employees are entitled to all benefits arising from those shares but the shares cannot be sold. At the end of the plan period, the total (employee contributions plus matching amount) for each employee is used to purchase shares in Allianz SE and these are held in trust on behalf of the employee.

As such, this transaction is a cash-settled share based payment and the vesting period has been completed by 31 December 2023. The total expense recognised in the year was £4k (2022: £2k) and the corresponding provision held at year end is £nil (2022: £3k).

15 DIVIDENDS

An interim dividend of £6,000k was paid during 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).

16 SUBSEQUENT EVENTS

There have been no subsequent events after the Statement of Financial Position date.