Registered number: 05636081

Annual Report and Financial Statements 2023

LV Insurance Management Limited

Contents

Company Information

Directors	M P Milliner (appointed 24 November 2023 and resigned 26 April 2024) S Raffard (appointed 1 July 2023) H Topham (appointed 24 November 2023) S Treloar (resigned 30 June 2023) K P Wenzel (resigned 14 September 2023) The following director was appointed after the year end: K Misson (appointed 18 July 2024)
Company secretary	C M Twemlow
Registered office	57 Ladymead Guildford Surrey GU1 1DB
Registered number	05636081
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

Strategic Report for the Year Ended 31 December 2023

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

Principal activities
LV Insurance Management Limited ("LVIM", the "Company") is a wholly owned subsidiary within the Allianz Holdings plc ("AzH") group of companies ("Allianz", "the Group") which is one of the largest general insurers in the United Kingdom. The Company's principal activity is the provision of management services to other companies within the Liverpool Victoria General Insurance Limited Group ("LVGIG Group"). In 2023, in return for the services provided, the Company charged a mark-up to some Group entities on their costs incurred to bring charges in line with other entities in the Group.

Business review
The results for the year are set out in the Statement of Profit and Loss and Other Comprehensive Income on page 11. The profit after tax for the year amounted to £343k (2022: £199k loss).

Key performance Indicators ("KPIs")
The financial key performance indicators monitored by the Company are profit before tax and net liabilities value. The profit before tax for the year amounted to £449k (2022: £nil) and net liabilities are £29k (2022: £372k). The profit for the year was mainly attributable to the mark-up charged to other Group entities when expenses are re-charged.

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

For further information on Capital management and risk management, please see note 19.

Future outlook
No changes in the principal activities are anticipated in the foreseeable future. The challenges presented by the economic environment will continue to be monitored.

Going concern
The Directors, having undertaken an assessment are confident in the Company's ability to continue as a going concern. In previous years, the Company has been provided with a letter of support from AzH to enable the financial statements to be presented on a going concern basis. A letter of support was in place which coveres the net liability position reported as at 31 December 2023. Given that the Company is reporting a net asset position at the date of signing, the letter of support is no longer required.

Strategic Report for the Year Ended 31 December 2023

Section 172 (1) Companies Act 2006 Statement

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

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

The Company is a wholly owned subsidiary of LVGIG, which is itself a wholly owned subsidiary of the Group, one of the largest general insurers in the UK.

As a result of the governance structure of the Group, strategic decisions and matters which affect the whole Group are considered by the Board of AzH or its committees to an appropriate extent for the Group as a whole. Certain Group stakeholders and their interests (including employees, community and the environment) are considered and actions concerning them determined at a Group level by the AzH Board and its committees rather than at a subsidiary Board level. One of the Directors of the Company is also a director of the AzH Board and ensures that Group-wide strategy and stakeholder considerations are communicated to the Company's Board.

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. The Company's key stakeholders are its shareholder, other entities within the Group and employees working in its business (who are employed by another entity within the Group) as well as wider stakeholders such as the local communities in which it operates. When strategic and operational matters are considered by the Company's Board, the Directors, in compliance with their section 172(1) duties, have regard to the Company's relevant stakeholders and their interests as well as the long-term consequences of their decisions on the Company and the wider Group.

During 2023, the Company's Board met to approve the annual report and financial statements for the year ended 31 December 2022. In approving the annual report and financial statements, the Board considered whether the statements provided a true and fair view of the status of affairs of the Company. During the year, the Board also approved changes to its composition with a view that the appointments would promote the success of the Company for the benefit of its stakeholders.

On behalf of the Board

K. Misson

K Misson
Director

18 September 2024

Directors' Report for the Year Ended 31 December 2023

The Directors present their Annual report and audited 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;
• Principal risks and uncertainties

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

M P Milliner (appointed 24 November 2023 and resigned 26 April 2024)

S Raffard (appointed 1 July 2023)

H Topham (appointed 24 November 2023)

S Treloar (resigned 30 June 2023)

K P Wenzel (resigned 14 September 2023)

The following director was appointed after the year end:

K Misson (appointed 18 July 2024)

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 11. 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 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
So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Report for the Year Ended 31 December 2023

Independent Auditors

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

By order of the Board

C M Twemlow
Company secretary

18 September 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law).

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 United Kingdom Accounting Standards, comprising FRS 101 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 financial statements published on Allianz UK’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

K. Misson

K Misson
Director

18 September 2024

Independent auditors' report to the members of LV Insurance Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, LV Insurance Management 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 for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); 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, which comprise: the Statement of Financial Position as at 31 December 2023; ; the Statement of Profit and Loss and Other Comphrensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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 UK tax legislation, 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 of inappropriate journals and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the Board and management, including consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Board of Directors;
- Testing and challenging, where appropriate, the assumptions and judgements made by management in their accounting estimates;
- 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 or extent of our testing.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

WLewis

William Lewis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 September 2024

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

	Note	2023 £'000	2022 £'000
Revenue	3	11,226	14,399
Administrative expenses	4	(11,056)	(12,779)
Finance costs	5	(1,030)	(1,620)
Other income	6	1,309	-
Profit before tax		**449**	**-**
Income tax expense	7.1	(106)	(199)
Profit/(loss) for the year wholly attributable to the equity holder		**343**	**(199)**

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

The accounting policies and notes on pages 14 to 29 are an integral part of these financial statements.

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

	Share capital £'000	Accumulated losses £'000	Total £'000
At 1 January 2022	1,045	(1,218)	(173)
Loss for the year	-	(199)	(199)
At 31 December 2022	**1,045**	**(1,417)**	**(372)**

	Share capital £'000	Accumulated losses £'000	Total £'000
At 1 January 2023	1,045	(1,417)	(372)
Profit for the year	-	343	343
At 31 December 2023	**1,045**	**(1,074)**	**(29)**

The accounting policies and notes on pages 14 to 29 are an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2023

	Note	2023 £'000	2022 £'000
Assets			
Property and equipment	9	56	313
Right of use assets	10	490	5,159
Intangible assets	8	18,389	28,421
Deferred tax assets	7.4	1,227	1,365
Other receivables	11	-	3,078
Cash and cash equivalents	16	58	-
Accrued income and prepayments	15	208	428
Total assets		**20,428**	**38,764**
Equity and liabilities			
Equity			
Share capital	17	(1,045)	(1,045)
Accumulated losses		1,074	1,417
Total equity		**29**	**372**
Liabilities			
Provisions for other liabilities and charges	19	(153)	(1,255)
Lease liabilities	10	(390)	(5,585)
Loan from related party	20	(15,750)	(31,500)
Trade and other payables	18	(4,034)	(607)
Income tax liability	7.3	(130)	(189)
Total liabilities		**(20,457)**	**(39,136)**
Total equity and liabilities		**(20,428)**	**(38,764)**

These financial statements on pages 11 to 29 were approved by the Board of Directors on 3 September 2024 and signed on its behalf by:

K Misson
Director
18 September 2024

LV Insurance Management Limited
Registered Number: 05636081

The accounting policies and notes on pages 14 to 29 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

LV Insurance Management Limited is a private company limited by shares, incorporated in England and Wales and domiciled in the United Kingdom. The principal activity of the Company is the provision of management services to other companies within the LVGIG group.

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

These financial statements have been prepared in accordance with Financial reporting standards 101 “Reduced Disclosure Framework” (“FRS101”) and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted International accounting standards), but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The Company has taken advantage of the IAS 7 Statement of Cash Flows exemption under FRS 101 and has not presented a Statement of Cash Flows.

Historic cost convention

These financial statements have been prepared under the historic cost convention with the exception of lease liabilities (please refer to accounting policy 1.4(c)).

Items included in the financial statements are measured using the currency of the primary economic environment (the "functional currency") which is sterling. Unless otherwise noted, the financial statements are presented in sterling (the "presentation currency"). All amounts in the financial statements and notes have been rounded off to the nearest thousand, unless otherwise stated.

The preparation of the financial statements in conformity with FRS 101 requires the use of estimates. It also requires management to exercise judgement in the process of applying the accounting policies

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").

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies
These policies have been consistently applied to all the years presented, unless otherwise stated.

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

(a) Property and equipment
Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation
Depreciation is provided on all property and equipment, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the Statement of Financial Position date, of each asset evenly over its expected useful life as follows:

Asset class	Useful life
Leasehold property enhancements*	10 years or lease term if shorter
Fixtures and Fittings	3 to 10 years
IT equipment	3 to 8 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

*These are properties used for operational purposes and are not investment properties.

(b) Intangible assets
Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired separately from a business are carried initially at cost.

Intangible assets with a finite life are amortised on a straight line basis over their expected useful lives, as follows:

Asset class	Useful life
Computer software	3 - 8 years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Costs associated with the development of software for internal use are capitalised only if the software is technically feasible for sale or use on completion and the Company has both the intent and sufficient resources to complete the development. Subsequent expenditure is capitalised only if the asset can be reliably measured, will generate future economic benefits and there is an ability to use or sell the asset.

During the year, there were no new internally generated staff costs (2022: nil). Historically, the amounts capitalised were based upon the time spent by staff on the development of the asset. The expected economic life of the intangibles is determined by reference to the normal lives of related products.

(c) Leases
At inception of a contract, the Company assesses whether the contract is or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies (continued)

(c) Leases (continued)

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made or incentives received at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove and restore the underlying asset and the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the asset's useful life or end of the lease term, in line with the Company's policy for Property and Equipment. The Company applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured by reducing the carrying amount to reflect lease payments and increasing the carrying amount to reflect interest on the lease liability. The carrying amount will also be adjusted to reflect any reassessment or lease modifications specified in the standard.

The lease term is determined as the non-cancellable period of a lease, together with options to extend or terminate which the Company deems as reasonably certain.

The Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The lease payments are recognised as an expense on a straight-line basis over the lease term.

(d) Income taxes

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income tax credit/(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.

Deferred tax is provided in full using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the Statement of Financial Position date. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantially enacted at the Statement of Financial Position date.

Deferred income tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets are reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

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

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies (continued)

(e) Other receivables

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

An expected credit loss ("ECL") provision is assessed as at the 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) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with an original maturity of three months or less at the date of placement.

An ECL provision is assessed as at the Statement of Financial Position date and the carrying amount of the cash and cash equivalents 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 cash and cash equivalents multiplied by a 1 year PD, an appropriate LGD and tenor.

(g) Accrued income and prepayments

Accrued income is recognised when income has been earned but will be received in a future period. Prepayments are recognised to the extent that a payment has been made in relation to an asset where the benefit will be recognised in a future period.

(h) Provisions for other liabilities and charges

A provision is recognised by the Company when a past event gives rise to a present 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.

(i) 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.

(j) Interest-bearing loans

Interest-bearing loans are stated at cost.

(k) Revenue

Management charges for the provision of services (including the mark-up on the expenses reallocated to other Group entities) are recognised as income when the performance obligation has been satisfied. The obligation has been satisfied when the expenses are recharged and as such the corresponding income from these recharged expenses is recognised immediately.

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

2 USE OF CRITICAL ESTIMATES, ASSUMPTION AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires the use of estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The Company has not used any significant estimates or judgements in preparing the financial statements in conformity with FRS 101, except in the estimation of internally generated staff costs and the useful life of software (see Accounting policy 1.4(b)). Of the intangible assets, a reduction in the useful life of one year would result in an additional amortisation charge to the Statement of Profit and Loss and Other Comprehensive Income of £1,649k (2022: £1,649k).

3 REVENUE

	2023 £'000	2022 £'000
Rendering of services to related parties	11,226	14,399

4 ADMINISTRATIVE EXPENSES

	2023 £'000	2022 £'000
Depreciation of property and equipment	257	612
Depreciation on right of use assets	499	1,028
Amortisation of intangible assets	10,032	10,631
Administrative expenses (including management charge)	268	508
Total administrative expenses	**11,056**	**12,779**

5 FINANCE COSTS

	2023 £'000	2022 £'000
Interest expense on lease liabilities	85	202
Interest on loan	945	1,418
Total finance costs	**1,030**	**1,620**

6 OTHER INCOME

	2023 £'000	2022 £'000
Profit on disposal of leases	1,309	-

During 2023, the Company disposed of the majority of leases resulting in a profit on disposal. For further information, please see note 10.

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

7 INCOME TAX

7.1 Income tax recognised in profit and loss

	2023 £'000	2022 £'000
Current taxation		
In respect of current year	(33)	70
In respect of prior years	1	163
Total current tax	**(32)**	**233**
Deferred taxation		
Arising from origination and reversal of temporary differences	130	68
Arising from changes in tax rates and laws	8	22
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	(124)
Total deferred taxation	**138**	**(34)**
Total income tax expense recognised in the current year	**106**	**199**

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

	2023 £'000	2022 £'000
Profit before tax	**449**	**-**
Income tax at standard rate 23.5% (2022: 19%)	**105**	**-**
Increase in current tax from adjustment for prior periods	1	163
(Decrease)/increase from transfer pricing adjustments	(8)	138
Adjustments to deferred tax attributable to changes in rates and law	8	22
Adjustment to deferred tax in respect of prior years	-	(124)
Total Income tax charge recognised in profit and loss	**106**	**199**

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.

7 INCOME TAX (CONTINUED)

The Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules

The Allianz SE group is within the scope for 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 2025. Since the Pillar Two legislation was not effective at the reporting date, the 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 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 Allianz SE group is currently engaged with tax specialists to assist it with applying the legislation.

7.2 Tax paid

	2023 £'000	2022 £'000
Current tax liability at 1 January	189	2,041
Amounts charged to the Statement of Profit or Loss	(32)	233
Tax paid during the year	(27)	(2,085)
Current tax liability at 31 December	**130**	**189**

7.3 Income tax liability

	2023 £'000	2022 £'000
Current tax liability	**130**	**189**

7.4 Deferred tax balances

Deferred tax assets

	2023 £'000	2022 £'000
The balance comprises temporary differences attributable to:		
Capital allowances	1,227	1,365
Net deferred tax assets	**1,227**	**1,365**

Movements	**Capital allowances £'000**
At 31 December 2022	**1,365**
Charged to profit or loss	(138)
At 31 December 2023	**1,227**

7 INCOME TAX (CONTINUED)

7.4 Deferred tax balances (continued)

	2023 £'000	2022 £'000
Deferred tax asset	1,227	1,365
Current deferred tax asset	191	228
Non-current deferred tax asset	1,036	1,137

8 INTANGIBLE ASSETS

	Internally generated software development costs £'000	Total £'000
Cost		
At 1 January 2022	109,972	109,972
At 31 December 2022	**109,972**	**109,972**
At 1 January 2023	109,972	109,972
At 31 December 2023	**109,972**	**109,972**
Accumulated amortisation		
At 1 January 2022	70,920	70,920
Charge for year	10,631	10,631
At 31 December 2022	**81,551**	**81,551**
At 1 January 2023	81,551	81,551
Charge for year	10,032	10,032
At 31 December 2023	**91,583**	**91,583**
Carrying amount		
At 31 December 2022	**28,421**	**28,421**
At 31 December 2023	**18,389**	**18,389**

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

9 PROPERTY AND EQUIPMENT

	Leasehold property enhancements £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2022	7,111	11,428	18,539
At 31 December 2022	**7,111**	**11,428**	**18,539**
At 1 January 2023	7,111	11,428	18,539
At 31 December 2023	**7,111**	**11,428**	**18,539**
Accumulated depreciation			
At 1 January 2022	6,506	11,108	17,614
Charge for year	382	230	612
At 31 December 2022	**6,888**	**11,338**	**18,226**
At 1 January 2023	6,888	11,338	18,226
Charge for the year	182	75	257
At 31 December 2023	**7,070**	**11,413**	**18,483**
Carrying amount			
At 31 December 2022	**223**	**90**	**313**
At 31 December 2023	**41**	**15**	**56**

10 LEASES

Lease agreements where the Company is lessee

Right-of-use assets

	Property £'000	Total £'000
Cost		
At 1 January 2022	8,887	8,887
Utilised in the year*	386	386
At 31 December 2022	**9,273**	**9,273**
At 1 January 2023	9,273	9,273
Additions	890	890
Disposals	(9,363)	(9,363)
Utilised in the year*	90	90
At 31 December 2023	**890**	**890**
Accumulated depreciation		
At 1 January 2022	3,086	3,086
Charge for year	1,028	1,028
Disposal	-	-
At 31 December 2022	**4,114**	**4,114**
At 1 January 2023	4,114	4,114
Charge for the year	499	499
Disposal	(4,213)	(4,213)
At 31 December 2023	**400**	**400**
Carrying amount		
At 31 December 2022	**5,159**	**5,159**
At 31 December 2023	**490**	**490**

*Utilised in the year reflects the utilisation of a provision for an onerous lease contract previously recognised in 2021 as an impairment of the right-of-use asset. As at 31 December 2023, this provision has been fully utilised.

The Company disposed of the majority of its leases during 2023, leaving one remaining lease expiring by the end of 2024.

10 LEASES (CONTINUED)

Lease agreements where the Company is lessee (continued)

Amounts recognised in the Statement of Profit and Loss:

	Property		Total	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Depreciation expense on right of use asset	(499)	(1,028)	(499)	(1,028)
Interest expense on lease liabilities	85	202	85	202
Profit on disposal of leases	1,309	-	1,309	-

The total cash inflow/(outflow) for leases amounted to £5,195k for the year ended 31 December 2023 (2022: £(1,136k)).

Lease liabilities:

	Property		Total	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Current	390	-	390	-
Non-current	-	5,585	-	5,585
Total lease liabilities	**390**	**5,585**	**390**	**5,585**

Maturity analysis – contractual undiscounted cash flows:

	Property		Total	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Year 1	396	166	396	166
Year 2	-	1,548	-	1,548
Year 3	-	1,548	-	1,548
Year 4	-	1,548	-	1,548
Year 5	-	1,340	-	1,340
Total	**396**	**6,150**	**396**	**6,150**

The Company does not face any significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

11 OTHER RECEIVABLES

	2023	**2022**
	£'000	**£'000**
Amounts owed from group undertakings	-	3,078
Total other receivables	**-**	**3,078**

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

11 OTHER RECEIVABLES (CONTINUED)

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

12 EMPLOYEE RELATED COSTS

The Company has no employees (2022: none) and as such incurs no employee related costs (2022: £nil). AMS and LVGIG, companies within the Group, provide services and staff resources to the Company as well as to other Group Companies.

13 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. Other services supplied pursuant to legislation were £nil (2022: £nil).

	2023 £'000	2022 £'000
Fees payable to the Company's auditors and its associates	36	38

14 DIRECTORS' EMOLUMENTS

The remuneration of K P Wenzel and S Raffard was paid by Allianz Management Services Limited ("AMS") and the remuneration of H Topham, M P Milliner and S Treloar was paid by LVGIG. LVGIG and AMS are AzH Group Service companies and make no recharge to the Company for such costs. These individuals provide services to AzH and a number of its subsidiaries including the Company, and it is not possible to make an accurate apportionment of an individual's remuneration in respect of their role as a Director of the Company. Accordingly, no remuneration is being disclosed for such individuals.

15 PREPAYMENTS

	2023 £'000	2022 £'000
Prepayments	208	428
Total prepayments	**208**	**428**

All balances are due within 12 months of the Statement of Financial Position date.

16 CASH AND CASH EQUIVALENTS

	2023 £'000	2022 £'000
Total cash and cash equivalents	**58**	**-**

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

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

17 EQUITY

Share capital - allotted, called up and fully paid

	2023 No.	2023 £	2022 No.	2022 £
Ordinary shares of £1 each	1,045,001	1,045,001	1,045,001	1,045,001

18 TRADE AND OTHER PAYABLES

	2023 £'000	2022 £'000
Accruals	-	22
Amounts due to related parties	4,034	585
Total trade and other payables	**4,034**	**607**

Trade and other payables approximate to fair value. All of the trade and other payables are payable within 12 months of the Statement of Financial Position date.

19 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Dilapidations £'000	Total £'000
At 1 January 2022	524	524
Provided during the year	732	732
Released during the year	(1)	(1)
At 31 December 2022	**1,255**	**1,255**
Provided during the year	11	11
Utilised in the year	(460)	(460)
Released during the year	(653)	(653)
At 31 December 2023	**153**	**153**

The dilapidations provision primarily relates to the property lease held by the Company.

20 LOAN FROM RELATED PARTY

	2023 £'000	2022 £'000
Loan from related party	15,750	31,500
Total loans from related parties	**15,750**	**31,500**

Analysed as:	**2023 £'000**	**2022 £'000**
Current	15,750	15,750
Non-current	-	15,750

In December 2020 Liverpool Victoria Insurance Company Limited ("LVIC"), another company within the LVGIG group, provided a loan of £63,000k to LVIM. This loan is being repaid over 4 years, up to and including 31 December 2024 and carries interest at a fixed rate of 3% per annum. A guarantee from Allianz SE was put into place to support LVIC's regulatory solvency position. The principle terms of the guarantee are as follows:

- Guarantee fee: LVIC will pay Allianz SE an amount of 0.96% of the amount of the outstanding loan facility per annum and in return, Allianz SE will guarantee that it will pay the outstanding loan balance in the event that LVIM cannot meet obligations as they fall due.
- Automatic extension: The guarantee will extend automatically every year for another year (subject to payment of the guarantee fee by LVIC) until 31 December 2024, unless it is cancelled by Allianz SE after giving 3 months prior notice.

21 RISK MANAGEMENT POLICIES

Capital management

The Company's capital risk is determined with reference to the requirements of the Group. The sources of capital used by the Company is equity shareholder funds. At 31 December 2023 the Company had negative £29k (2022: negative £372k) of total capital employed, due to a current tax liability that will be recovered by fellow undertakings in the LVGIG group.

The Company's 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 rate risks, foreign currency exchange rates and equity prices will affect the value of the Company's assets and income. The Company is not exposed to market risk as all invested assets are cash related and are not held for the purpose of generating investment income.

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 trade and other receivables and cash and cash equivalents.

21 RISK MANAGEMENT POLICIES (CONTINUED)

The Company deems the risk associated with its trade and other receivables to be low as a large proportion of receivables are due from fellow Allianz SE group subsidiaries and as such are A- rated. Despite the other receivables being unrated, the Company deems the associated risk to be insignificant because these amounts are due from many separate counterparties and all receivables are due within 1 year.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. The Company is exposed to liquidity risk through its right of use asset, trade and other payables, provisions for other liabilities and charges, loans and lease liability.

The Company considers the liquidity risk associated with the right of use asset and lease liability to be insignificant as these are related balances which unwind over the same lease term. The Company has sufficient liquid assets to meet the lease liabilities as they fall due.

The Company has a loan from a fellow AzH Group Company, repayable over 4 years. The Company considers the liquidity risk of the loan to be low as the loan is guaranteed by Allianz SE as disclosed in note 20. The Company is exposed to liquidity risk associated with the trade and other payables and provisions for other liabilities and charges.

22 PARENT AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Liverpool Victoria General Insurance Group Limited, a company registered in England and Wales.

The ultimate parent undertaking and controlling party 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.

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

23 RELATED PARTY TRANSACTIONS

Transactions with and balances from or to related parties

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 £'000	2022 £'000
Management charge income	11,226	14,399
Loan repayment and interest	16,695	17,168
	27,921	**31,567**

	2023 £'000	2022 £'000
Loans from related party at 31 December		
LVIC	15,750	31,500
Total	**15,750**	**31,500**

	2023 £'000	2022 £'000
Due from related parties at 31 December		
(Payable to)/receivable from LVGIG	(4,034)	2,493
Total	**(4,034)**	**2,493**

24 SUBSEQUENT EVENTS

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