Registered number: 09366434

Annual Report and Financial Statements 2023

LV Repair Services 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: C J Johnson (appointed 18 July 2024)
Company secretary	C M Twemlow
Registered office	57 Ladymead Guildford Surrey GU1 1DB
Registered number	09366434
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 Repair Services Limited ("LVRS", "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 provides repair engineering services to the policyholders of Liverpool Victoria Insurance Company Limited ("LVIC") and Highway Insurance Company Limited ("HICO").

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 after tax for the year amounted to £57,187k (2022: £32,872k).

Key performance Indicators ("KPIs")
The financial key performance indicators monitored by the Company are: profit before tax and net asset value. The profit before tax for the year amounted to £74,714k (2022: £40,531k), and net assets are £27,025k (2022: £39,838k).

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 15.

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 as the Company continues to provide repair engineering services to fellow group undertakings. The business is well placed in managing the principal risks and uncertainties, has a strong financial, trading and capital position and is owned by one of the largest property and casualty insurers in the world.

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

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 LVIC, which is itself a wholly owned subsidiary of the Group which is 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 at 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 was also a director of the AzH Board during the year and ensured 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, suppliers, service providers 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 consider various matters in which stakeholder interests were factored into its decision making process. This included approval of the Annual Report and Financial Statements for the year ended 31 December 2022, adoption and approval of the Modern Slavery Statement and the approval of interim dividend payments to its parent company, LVIC.

On behalf of the Board

C J Johnson
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, were 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:

C J Johnson (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 12. A review of the Company's business activities and any likely future developments can be found in the Strategic Report on page 2.

Two interim dividends, totalling £70,000k were paid for the year ended 31 December 2023 (2022: £nil). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: £nil).

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

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

Streamlined Energy and Carbon Reporting ("SECR")
Liverpool Victoria General Insurance Group Limited ("LVGIG") fulfils the statutory requirements for SECR which includes disclosure relating to 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 LVGIG 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 Streamlined Energy and Carbon Reporting 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).

Streamlined Energy and Carbon Reporting (“SECR”) (continued)

‘Location based’ Method

The total energy consumption for 2023 was 4,432,537.32 kWh (2022: 5,934,775.67 kWh) equating to 1,094.213 tCO2e (2022: 1,209.792 tCO2e).

	2023	2022
Emissions from combustion of gas (Scope 1)	**254.133 tCO e**	**129.136 tCO e**
Emissions from combustion of fuel for transport purposes (Scope 1)	**154.093 tCO e**	**140.841 tCO e**
Emissions from purchased electricity (Scope 2)	**548.635 tCO e**	**585.358 tCO e**
Emissions from Transmission and Distribution (Scope 3)	**20.769 tCO e**	**22.725 tCO e**
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	**116.583 tCO e**	**175.117 tCO e**

Carbon intensity: Emissions of tCO2e/full-time equivalent during 2023 was 0.319 tCO2e (2022: 0.319 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 2,649,457.56 kWh (2022: 3,026,983.46 kWh) of REGO backed (zero emission) electricity equating to 100% (2022: 100%) of total electricity use.

'Market Based' Method

The total energy consumption for 2023 was 4,432,537.32 kWh (2022: 5,934,775.67 kWh) equating to 524.809 tCO2e (2022: 601.709 tCO2e).

	2023	2022
Emissions from combustion of gas (Scope 1)	**254.133 tCO e**	**129.136 tCO e**
Emissions from combustion of fuel for transport purposes (Scope 1)	**154.093 tCO e**	**140.841 tCO e**
Emissions from purchased electricity (Scope 2)	**548.635 tCO e**	**585.358 tCO e**
Emissions from Transmission and Distribution (Scope 3)	**20.769 tCO e**	**22.725 tCO e**
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	**116.583 tCO e**	**175.117 tCO e**

Carbon intensity: Emissions of tCO2e/full-time equivalent during 2023 was 0.153 tCO2e (2022: 0.159 tCO2e).

Energy Efficiency actions taken during 2023:

As we consolidate our office portfolio, we have been utilising the Allianz Buildings Minimum Performance Criteria to select the most energy efficient office space available to us. 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 consolidation and refurbishment the following actions were taken across several sites (3 sites in total): Adapted landlord energy efficient LED light fittings and PiR controls (movement sensors) have been updated.

LVGIG is committed, via an interim target, that by 2025 we will aim to reduce GHG emissions per employee by 50% versus a 2019 baseline across Scope 1, Scope 2, and selected Scope 3 emissions. For year-end 2030, the target GHG emission reductions of 70% and for year-end 2029, -65% versus a 2019 baseline.

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, LVGIG source 100% renewable electricity from 2023 onwards and implement energy efficiency measures. For Fleet and Business Travel, LVGIG aims 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, LVGIG 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.

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

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.

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 these report and financial statements are sent to the member.

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 UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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

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

The directors are responsible for the maintenance and integrity of the company’s 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

C J Johnson
Director

18 September 2024

Independent auditors' report to the members of LV Repair Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, LV Repair 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, which comprise: the Statement of Financial Position as at 31 December 2023; the Statement of Profit and Loss and Other Comprehensive Income, Statement of Cash Flows, 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 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. 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;
- 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.

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	321,875	240,256
Investment income	4	2,845	408
Total income		**324,720**	**240,664**
Cost of sales	5	(245,280)	(195,549)
Administrative expenses	6	(4,726)	(4,584)
Total expenses		**(250,006)**	**(200,133)**
Profit before tax		**74,714**	**40,531**
Income tax expense	9.1	(17,527)	(7,659)
Profit for the year wholly attributable to the equity holder		**57,187**	**32,872**

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 23 are an integral part of these financial statements.

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

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2022	100	6,866	6,966
Profit for the year	-	32,872	32,872
At 31 December 2022	**100**	**39,738**	**39,838**

	Note	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2023		100	39,738	39,838
Profit for the year		-	57,187	57,187
Dividends	17	-	(70,000)	(70,000)
At 31 December 2023		**100**	**26,925**	**27,025**

The accounting policies and notes on pages 16 to 23 are an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2023

	Note	2023 £'000	2022 £'000
Assets			
Accrued income	12	7,933	8,127
Trade and other receivables	11	56,096	44,402
Total assets		**64,029**	**52,529**
Equity and liabilities			
Equity			
Share capital	15	(100)	(100)
Retained earnings		(26,925)	(39,738)
Total equity		**(27,025)**	**(39,838)**
Liabilities			
Trade and other payables	13	(16,575)	(8,359)
Borrowings	14	(2,835)	(2,638)
Income tax liability	9.3	(17,594)	(1,694)
Total liabilities		**(37,004)**	**(12,691)**
Total equity and liabilities		**(64,029)**	**(52,529)**

These financial statements on pages 12 to 23 were approved by the Board of Directors on 3 September 2024 and signed on its behalf by:

C J Johnson
Director
18 September 2024

LV Repair Services Limited
Registered Number: 09366434

The accounting policies and notes on pages 16 to 23 are an integral part of these financial statements.

Statement of Cash Flows
For the Year Ended 31 December 2023

	Note	2023 £'000	2022 £'000
Cash flow from operating activities			
Profit before tax		74,714	40,531
Adjusted for non-cash items			
Interest income received	4	(2,845)	(408)
Working capital adjustments			
Increase in trade and other receivables	11	(11,694)	(33,209)
Decrease/(increase) in accrued income	12	194	(4,689)
Increase in trade and other payables	13	8,216	2,934
Cash generated from operating activities		**68,585**	**5,159**
Interest income received	4	2,845	408
Income taxes paid	9	(1,627)	(6,757)
Net cash flow generated from/(used in) operating activities		**69,803**	**(1,190)**
Cash flow from financing activities			
Dividends paid	17	(70,000)	-
Net decrease in cash and cash equivalents		**(197)**	**(1,190)**
Cash and cash equivalents at 1 January		**(2,638)**	**(1,448)**
Cash and cash equivalents at 31 December		**(2,835)**	**(2,638)**

The accounting policies and notes on pages 16 to 23 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 Repair Services 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 repair engineering services to the policyholders of LVIC and HICO.

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").

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

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

(a) Income taxes
Income tax on profit or loss for the year comprises current 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.

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

(b) Accrued income
Accrued income is recognised when revenue has been earned but not yet received. This revenue relates to the administration of repair engineering costs.

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies (continued)

(c) 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.

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").

(d) 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.

(e) 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.

(f) Borrowings
All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(g) Revenue recognition
Revenue relates to the administration of repair engineering services, which are invoiced at the point of completion of the services. Both revenue and the cost of sales are recognised at the point of completion of the services, which is when the performance obligation has been satisfied as per IFRS 15. The Company also accrues for negotiated allowances receivable from suppliers and partners.

(h) Cost of sales
Cost of sales relates to the cost of repair engineering services, which are invoiced at the point of completion of the services. Cost of sales are recognised at the point of completion of the services.

(g) Dividends
Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends on these shares are recognised when they have been approved by shareholders.

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

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 IFRS.

3 REVENUE

	2023 £'000	2022 £'000
Rendering of services	321,875	240,256

4 INVESTMENT INCOME

	2023 £'000	2022 £'000
Interest income	2,845	408

5 COST OF SALES

	2023 £'000	2022 £'000
Cost of sales	245,280	195,549

Cost of sales represents the cost incurred on third party repair engineering services.

6 ADMINISTRATIVE EXPENSES

	2023 £'000	2022 £'000
Management fee	4,505	4,584
Other fees	221	-
	4,726	**4,584**

7 EMPLOYEE RELATED COSTS

The Company has no employees (2022: nil) and as such incurs no employee related costs.

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

8 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	28	29

9 INCOME TAX

9.1 Income tax recognised in profit and loss

Tax charged in the profit and loss

	2023 £'000	2022 £'000
Current taxation		
In respect of current year	17,514	7,659
In respect of the prior year	13	-
	17,527	**7,659**

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

	2023 £'000	2022 £'000
Profit before tax	**74,714**	**40,531**
Income tax at standard rate 23.5% (2022: 19%)	**17,558**	**7,701**
Increase in current tax from adjustment for prior periods	13	-
Decrease from transfer pricing adjustments	(44)	(42)
Total Income tax charge recognised in profit and loss	**17,527**	**7,659**

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.

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

9 INCOME TAX (CONTINUED)

The Organisation for Economic Co-operation 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.

9.2 Tax paid for cash flow purposes

	2023 £'000	2022 £'000
Current tax liability at 1 January	1,694	792
Amounts charged to the income statement	17,527	7,659
Tax paid during the year	(1,627)	(6,757)
Current tax liability at 31 December	**17,594**	**1,694**

9.3 Income tax liability

	2023 £'000	2022 £'000
Current tax liability	**17,594**	**1,694**

10 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 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.

11 TRADE AND OTHER RECEIVABLES

	2023 £'000	2022 £'000
Cash pool	55,498	42,054
Amounts due from related parties	-	2,273
Other receivables	598	75
	56,096	**44,402**

All trade and other receivables are due within 12 months of the Statement of Financial Position date.

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

11 TRADE AND 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 ACCRUED INCOME

	2023 £'000	2022 £'000
Accrued income	7,933	8,127
	7,933	**8,127**

Accrued income includes revenue relating to the administration of repair engineering costs that have been earned but not yet received.

All accrued income is receivable within one year of the Statement of Financial Position date.

13 TRADE AND OTHER PAYABLES

	2023 £'000	2022 £'000
Accruals	5,293	5,816
Amounts due to related parties	8,000	-
Social security and other taxes	3,273	2,543
Other payables	9	-
	16,575	**8,359**

All of the trade and other payables are payable within 12 months of the Statement of Financial Position date.

Accruals includes cost of sales relating to repair engineering costs that have been incurred but not yet invoiced.

14 BORROWINGS

	2023 £'000	2022 £'000
Bank overdrafts	2,835	2,638

All borrowings are payable within 12 months of the Statement of Financial Position date.

15 SHARE CAPITAL

Allotted, called up and fully paid shares

	2023 No.	2023 £	2022 No.	2022 £
Ordinary shares of £1,000 each	100	100,000	100	100,000

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

16 RISK MANAGEMENT POLICIES

This note presents information about the Company’s exposure to financial risks and the Company’s management of capital.

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 requirements of all stakeholders. The sources of capital used by the Company are equity shareholders’ funds. At 31 December 2023 , the Company had £27,025k (2022: £39,838k) of total capital employed.

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

Market risk
Market risk is the risk that changes in market prices such as interest 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.

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. The Company deems the risk associated with its cash and cash equivalents to be low as the cash balances are held with a financial institution with an A credit rating.

Liquidity risk
Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. The Company is primarily exposed to liquidity risk through its amounts due to group undertakings and accruals. Liquidity risk for the Company is mitigated as the Company largely finances through intercompany transactions and the Company has sufficient liquid assets to meet its liabilities as they fall due.

17 DIVIDENDS

Two interim dividends, totalling £70,000k (£700k per ordinary share) were paid for the year ended 31 December 2023 (2022: £nil (£nil per ordinary share)). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: £nil).

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

18 PARENT AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Liverpool Victoria Insurance Company Limited, a company registered in England and Wales. The intermediate 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 ofAllianz SE, Königinstrasse 28, 80802 München, Germany

19 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
Sales to LVIC	301,049	222,918
Sales to HICO	20,826	17,339
Management charge payable to LVGIG	(4,504)	(4,585)
Dividend to LVIC	(70,000)	-
	247,371	**235,672**

	2023 £'000	2022 £'000
Due from/ (Due to) related parties at 31 December		
Payable to LVGIG	(8,000)	-
Receivable from LVGIG	7,933	9,399
Total	**(67)**	**9,399**

In 2023, the receivable from LVGIG balance is entirely attributable to accrued income (2022: £9,399k includes £7,126k of accrued income).

20 SUBSEQUENT EVENTS

On 28 June 2024, the Board approved an interim dividend of £40,000k to be paid from the Company to LVIC.