COMPANY REGISTRATION NUMBER: 05636081

LV INSURANCE MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

CONTENTS

DIRECTORS, OFFICERS AND REGISTERED OFFICE

Directors
S Treloar
J M Dye

Company Secretary

C M Twemlow	(appointed 01.02.21)
R C Jack-Kee	(appointed 01.01.20) (resigned 01.02.21)

Registered office
57 Ladymead
Guildford, Surrey
England
GU1 1DB

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

LV INSURANCE MANAGEMENT LIMITED (COMPANY REGISTRATION NUMBER 05636081)

STRATEGIC REPORT

1. Principal activities
LV Insurance Management ('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 measured by gross written premium. The Company's principal activity is the provision of management services to other companies within the Liverpool Victoria General Insurance Group ('LVGIG Group').

2. Results and dividends
The loss for the financial year was £7,534,000 (2019: Restated Profit £7,618,000) as set out on page 11. The Directors propose no dividends for the current year (2019: £nil).

3. Business review and developments

(a) Results and performance
During 2020 the Company has continued to support the Liverpool Victoria General Insurance Group Limited ('LVGIG') and its subsidiaries in its long term strategic objectives and has net assets of £785,000 (Restated 2019: £8,319,000).

Following the 2019 qualified audit opinion from our external auditors, the Company has done an extensive review of the balances accrued and held under Trade and Other payables for the year end 2019 and concluded that the balance of £11,731k was overstated by £9,413k. The company's principal source of income is from fees from fellow group undertakings, fixed and agreed at a certain point in time, immediately subsequent to year end. The income for 2020 was adjusted downwards to compensate for the restated lower costs in the years to 31 December 2019. This has resulted in a higher than usual loss for the year ended 2020.

(b) Strategy
The long term objective of 'the LVGIG Group' is as follows:

"Our vision remains to be Britain's best loved, achieving this through people centricity, maintaining our customer satisfaction and retention rates, and growth through outperformance particularly in the Motor market. The strategy now includes the successful integration of the business acquired through the purchase of Fairmead Insurance Limited and realising benefits from the Allianz ownership of LVGIG"

The Company is one of the service companies within 'the LVGIG Group' and supports the main operating entities in achieving the overall objective. The Directors do not anticipate any change in this status in the near future.

(c) Principal risks and uncertainties and risk management
COVID-19: The global pandemic was a new and significant source of uncertainty for the business in 2020. From the emergence of the risk at the start of the year, the LVGIG Group closely monitored the situation with senior leaders meeting on a regular basis to manage operational risk and responses. There was close alignment and interaction with Allianz to ensure the Company benefited from the wider Allianz response. Our values guided our decision making as the Company continued to work through this challenging time, with a focus on putting our people first and our customers at the heart of what we do. The key risks presented being both operational and financial which we are still continuing to actively monitor and manage on a regular basis as we did throughout the year. Consistent communications have and are continuing to take place across the organisation to keep all colleagues informed throughout this period of uncertainty. The risks largely came to the fore from late February 2020 onwards, as new information emerged and the government response developed.

The other key business risks and uncertainties affecting the Company are considered to relate to credit risk. However, this is considered minimal with all significant balances being due from fellow group companies. The Company actively manages and monitors its credit exposure on an ongoing basis and where possible limits significant transactions to counterparties with high credit ratings or those that operate in a regulated environment.

(c) Principal risks and uncertainties and risk management (continued)

The Company manages capital so as to safeguard its ability to continue as a going concern. The Company has a short term debt, through a related party loan (see note 22) but has no long term debt and considers its capital to comprise its ordinary share capital and accumulated losses.

The solvency position of the insurance companies in the LVGIG group that the Company provides services to being insurance companies continues to be frequently monitored in light of these emerging financial risks. The impact as noted above is in some cases positive and in others causes a strain. We continue to assess the level of solvency against the Company's risk appetite and maintain a number of contingency actions should the solvency position become under stress and need addressing.

There have been no events of significance affecting the Company since the statement of financial position date.

(d) Key performance indicators ('KPIs')

Given the nature of the Company's operations the Directors do not consider the use of KPIs to be appropriate.

s.172 Statement

The Company is managed by the AZH Board. Information on how the AZH Board discharges its duties under s.172(1) (a) to (f) of the Companies Act 2006 can be found within the Strategic Report on page 13 of the 2020 Annual Report and Accounts for AZH.

On behalf of the Board of Directors

S Treloar
Director

September 28, 2021

DIRECTORS' REPORT

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 and dividends;
- Principal activities of the Company;
- Business review and future prospects;
- Principal risks and uncertainties and risk management.

1. Directors and their interests
The present members of the Board and the members who were in office during the year and up to the date of signing the financial statements are listed on page 3.

2. Parent company
The Company is a wholly owned subsidiary of LVGIG. The ultimate parent is Allianz SE ('AZ SE'), a European multinational financial services company headquartered in Munich, Germany.

3. Employees
The Company does not employ any staff. During the year, LVGIG, the Company's immediate parent company, and Allianz Management Services Limited ('AMSL'), a subsidiary of AZH, provided administration services and staff to the Company and to other Allianz Group companies. LVGIG and AMSL have a high level of resources and expertise which benefit the Company.

4. Directors' responsibilities statement
The directors are responsible for preparing the 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Approved by the Board of Directors and signed by order of the Board

C Twemlow
Company Secretary

September 28, 2021

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 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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 Report and Financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2020; the statement of comprehensive income, the 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 2020 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 Directors' responsibilities statement , the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches in UK Company Law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to reduce expenditure of the Company. Audit procedures performed by the engagement team included:

- Discussions with the Board, management, internal audit, senior management involved in the Risk and Compliance function and the Company's legal function, 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 and attending all Audit Committee meetings;
- Reviewing the Company's register of litigation and claims, internal audit reports, compliance reports in so far as they related to non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by certain senior management.

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.

Adam Beasant (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
28 September 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 £000	Restated 2019 £000
Other income	3	**53,063**	72,650
Total income		**53,063**	72,650
Other operating and administrative expenses	4	**(61,968)**	(62,945)
Finance Costs		**(508)**	(292)
Total expenses		**(62,476)**	(63,237)
Result before tax		**(9,413)**	9,413
Income tax credit/(expense)	7	**1,879**	(1,795)
Profit/(loss) for the financial year		**(7,534)**	7,618
Total comprehensive income/(loss) for the year		**(7,534)**	7,618

All balances relate to continuing business.

The notes on pages 15 to 29 are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

		Attributable to equity holder of the Company			
		Share capital	**Share premium**	**Accumulated (losses)/profit**	**Total equity**
	Note	**£000**	**£000**	**£000**	**£000**
Balance at January 1, 2020		**1,045**	**-**	**7,274**	**8,319**
Loss for the financial year and total comprehensive income	19	**-**	**-**	**(7,534)**	**(7,534)**
Balance at December 31, 2020		**1,045**	**-**	**(260)**	**785**

		Attributable to equity holder of the Company			
Restated		Share capital	Share premium	Accumulated (losses)/profit	Total equity
	Note	£000	£000	£000	£000
Balance at January 1, 2019		1,045	-	(344)	701
Profit for the financial year and total comprehensive income	19	-	-	7,618	7,618
Balance at December 31, 2019		1,045	-	7,274	8,319

The notes on pages 15 to 29 are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020 £000	Restated 2019 £000
Assets			
Intangible assets	8	**52,948**	72,557
Property, plant and equipment	9	**2,885**	5,234
Right-of-use assets	9	**7,306**	8,337
Current tax asset	11	**87**	-
Deferred tax assets	10	**1,465**	1,460
Prepayments and accrued income	12	**694**	4,674
Other receivables	13	**7,760**	18,872
Total assets		**73,145**	111,134
Liabilities			
Current tax liability	11	**-**	1,913
Lease liabilities	21	**8,024**	9,176
Loan from related party	22	**63,000**	-
Trade and other payables	15	**624**	88,630
Provisions	17	**712**	3,096
Total liabilities		**72,360**	102,815
Equity			
Share capital	18	**1,045**	1,045
Accumulated (losses)/profit	19	**(260)**	7,274
Total equity		**785**	8,319
Total liabilities and equity		**73,145**	111,134

The notes on pages 15 to 29 are an integral part of the financial statements.

Signed on behalf of the Board of Directors

S. Treloar

S Treloar
Director

September 28, 2021

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 £000	Restated 2019 £000
Cash and cash equivalents at January 1		-	-
Cash flows arising from:			
Operating activities			
Cash (used in)/generated from operating activities	24	**(65,010)**	7,840
Income tax (paid)/received	11	**(126)**	20
Net cash flows (used in)/generated from operating activities		**(65,136)**	7,860
Investing activities			
Proceeds from sale/transfer of property and equipment	9	-	587
Purchase of property and equipment	9	**(42)**	(3,106)
Disposals/(Purchase) of intangibles	8	**3,329**	(5,154)
Net cash flows generated from/(used in) investing activities		**3,287**	(7,673)
Financing activities			
Proceeds from loan and borrowings		**63,000**	-
Principal elements of lease payments		**(1,151)**	(187)
Net cash flows generated from/(used in) Financing activities		**61,849**	**(187)**
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at December 31		-	-

The notes on pages 15 to 29 are an integral part of the financial statements.

1. General information

The Company is a private company limited by shares, domiciled and incorporated in England, United Kingdom. The principal activity of LV Insurance Management Limited ('Company') is the provision of management services to other companies within Liverpool Victoria General Insurance Group.

2. Accounting policies

BASIS OF PRESENTATION
These financial statements have been prepared in accordance with Financial reporting standards 101 "Reduced Disclosure Framework" ("FRS101") and in accordance with the companies act as applicable to companies using FRS 101

These financial statements have been prepared under the historic cost convention.

The preparation of the financial statements in conformity with FRS101 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 IT Software below).

During the year, intangible included £5.2m of internally generated staff costs. The amounts to be capitalised are based upon the time spent by staff on the development of the asset. The expected economic life is determined by reference to the normal lives of related products and the competitive positions and lies within the range of 3 to 8 years. Intangible assets are reviewed annually to assess their useful life. The review is based upon managements judgements.

The principal accounting policies adopted are listed below. These policies have been consistently applied to all years presented, unless otherwise stated.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

The Company has taken advantage of the following disclosure exemption under FRS 101:
The requirement of paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors'.

Going concern
We are confident in the Company's ability to continue as a going concern. 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.

Other income
Management charges for the provision of services are recognised as income when due for payment. The Company recognises other operating income when the amount of income can be reliably measured and it is probable that future economic benefits will flow to the Company. Income from the recharged expenses is recognised in parallel with the recognition of the underlying expenses to be charged.

2. Accounting policies (continued)

Other receivables
Other receivables are initially measured at fair value and then subsequently measured at amortised cost using the effective interest rate method. Other receivables are recognised when due.

Impairment of financial assets
The Company has financial assets that are subject to the expected credit loss model. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

IT Software
IAS 38 Intangible Assets requires the capitalisation of certain expenditure relating to software costs. Software costs are capitalised if it is probable that the asset created will generate future economic benefits. Costs incurred to establish technological feasibility or to maintain existing levels of performance are recognised as an expense.

Software costs capitalised as intangible assets include computer application software licences and internally developed software. Internally developed software is capitalised as an intangible asset and amortised over its estimated useful life when it is either identified as separable (i.e. capable of being separated from the entity and sold, transferred, rented, or exchanged) or it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable. Software intangibles are amortised using the straight-line method over their useful lives (3 to 8 years). The amortisation periods used are reviewed annually.

Software values are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount is not recoverable the asset is written down immediately to the estimated recoverable amount, based on value in use calculations.

Trade and other payables
Trade and other payables are recognised as they fall due. They are initially recognised at fair value and subsequently held at amortised cost.

2. Accounting policies (continued)

Property and equipment
Operational property and equipment is held at accumulated cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Both property and equipment are depreciated to their estimated residual values on a straight-line basis over their estimated useful lives. The periods used are as follows:

Leasehold property enhancements*	10 years or lease term if shorter
Fixtures and fittings	3 to 10 years
IT equipment	3 to 8 years

Assets are written down to their recoverable amount where this is less than the carrying value.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

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

Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents are as defined above but are shown net of outstanding bank overdrafts.

2. Accounting policies (continued)

Income tax expense
The income tax expense reflects the movement in current and deferred income tax in respect of income, gains, losses and expenses and is recorded in the SOCI represents the current year corporation tax charge. Corporation tax is charged on trading profits arising in the year.

Current income tax
Current income tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the SOFP date.

Deferred tax
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the SOFP date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

Operating lease payments
The costs in respect of operating leases are charged on a straight line basis over the lease term. The value of any lease incentive received to take on an operating lease (for example, rent free periods) is recognised as deferred income and is released over the life of the lease.

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.

The Company recognises a separate right of use asset within Property and equipment and a separate 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 at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right of use asset is subsequently depreciated on a straight line basis over the lease term. The lease liability is subsequently measured at amortised cost using the effective interest method. Depreciation charged on the right of use asset is recognised within Other operating and administrative expenses and interest expense on the lease liability is recognised within Finance costs.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, LVGIG Group's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The incremental borrowing rate is determined by obtaining interest rates from external financing sources for periods equivalent to the terms of the leases and rent review intervals. Lease payments used in the measurement of the lease liability comprise fixed payments including minimum prescribed rental increases at contractual rent reviews.

The lease liability is remeasured when there is a change in future lease payments arising from a change in management' assessment of whether LVGIG Group will exercise a break clause or the rental payments are revised in accordance with a contractual rent review. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Leases (continued)
The lease liability has been measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at the date of initial application. The LVGIG Group has elected to measure the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognised in the statement of financial position immediately before the date of initial application.

The Company has no short-term leases.

Significant accounting judgement lease term
The majority of leases have break clauses exercisable only by the lessee, no leases have extension options. Management has applied judgement in determining the lease terms for accounting purposes; periods beyond break clauses are included where management is reasonably certain not to exercise the break option.

Provisions
Provisions are recognised where there is a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where some or all of a provision is expected to be reimbursed it is recognised as a separate asset when the reimbursement is certain.

Provisions are measured at the present value of the expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The expense relating to provisions is presented in the SOCI.

Onerous contracts
A provision is made for onerous contracts in which the unavoidable costs of meeting the obligation exceed the expected future economic benefits.

Interest bearing loans
Interest bearing loans are stated at cost.

CHANGES IN ACCOUNTING POLICIES

New and amended standards adopted

No new standards have been adopted by the European Union ('EU') for accounting periods beginning on or after January 1, 2020.

There are no other standards, amendments or interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. Other income

	2020	2019
	£000	£000
Management charges	**53,063**	72,650
	53,063	72,650

4. Other operating and administrative expenses

			Restated
		2020	2019
	Note	£000	£000
Depreciation on property, plant and equipment – owned	9	**2,391**	1,890
Depreciation on property, plant and equipment – Right-of-use Asset	9	**1,031**	1,026
Operating lease rental charge on land and buildings		-	187
Administrative expenses (including management charge)		**42,266**	43,540
Amortisation of intangible assets	8	**16,280**	16,302
		61,968	62,945

2019 Administrative expenses have been restated for over accrued expenses from £53,120k to £43,540k. In addition, a further adjustment was made reclassifying operating lease costs of £167k from administrative expenses to Operating lease rental charge on land and buildings restating to prior year from £20k to £187k.

5. Audit remuneration

LVGIG is responsible for the management and administration of the Company.
The audit remuneration in respect of services to the Company is borne by LVGIG.

6. Directors' emoluments

The emoluments of the directors are paid by the immediate parent company, LVGIG which makes no recharge to the Company. The directors are also directors of LVGIG (and a number of fellow subsidiaries) and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments. Total emoluments for the relevant directors are included in the aggregate of Directors' emoluments disclosed in the financial statements of Liverpool Victoria General Insurance Group.

7. Income tax credit/(expense)

a) Current year tax credit/(expense)

	2020 £000	Restated 2019 £000
Current year tax credit/(expense):		
Group relief	**1,710**	(1,914)
Adjustments to current tax in respect of prior years	**164**	(95)
Total current tax	**1,874**	(2,009)
Deferred tax		
Adjustments to deferred tax in respect of prior years	**(213)**	87
Adjustments to deferred tax attributable to changes in rates and law	**147**	-
Deferred tax charge	**71**	127
Total deferred tax credit	**5**	214
Total income tax credit/(expense)	**1,879**	(1,795)

b) Reconciliation of tax credit/(expense)

The tax assessed for the period is higher than the standard rate of corporation tax (19%). The differences are explained below:

	2020 £000	2019 £000
Results before tax	**(9,413)**	9,413
Results multiplied by standard rate of corporation tax in the UK of 19% (2019 : 19%)	**1,788**	(1,788)
Effects of:		
Expenses not deductible for tax purposes	**(7)**	1
Effects of changes in statutory tax rate	**147**	-
Adjustments to current tax in respect of prior years	**164**	(95)
Adjustments to deferred tax in respect of prior years	**(213)**	87
	91	(7)
Total income tax credit/(expense) for the year	**1,879**	(1,795)

8. Intangible assets

	Software and licence costs	Total
	£000	£000
Cost		
At January 1, 2020	113,427	113,427
Disposals	(3,455)	(3,455)
At December 31, 2020	109,972	109,972
Accumulated amortisation		
At January 1, 2020	40,870	40,870
Amortisation charge for the year	16,280	16,280
Disposals	(126)	(126)
At December 31, 2020	57,024	57,024
Net book value at December 31, 2020	52,948	52,948

	Software and licence costs	Total
	£000	£000
Cost		
At January 1, 2019	108,273	108,273
Additions	5,154	5,154
At December 31, 2019	113,427	113,427
Accumulated amortisation		
At January 1, 2019	24,568	24,568
Amortisation charge for the year	16,302	16,302
At December 31, 2019	40,870	40,870
Net book value at December 31, 2019	72,557	72,557

9. Property, plant and equipment

	Leasehold property enhancements	Right-of-use assets	Fixtures, fittings and IT equipment	Total
	£000	£000	£000	£000
Cost:				
At January 1, 2020	7,076	9,363	11,421	27,860
Adjustments	35	-	7	42
At December 31, 2020	7,111	9,363	11,428	27,902
Accumulated depreciation:				
At January 1, 2020	5,232	1,026	8,031	14,289
Charge in the year	734	1,031	1,657	3,422
At December 31, 2020	5,966	2,057	9,688	17,711
Net book value at December 31, 2020	1,145	7,306	1,740	10,191

Adjustments include backdated lease adjustments and correction to 2019

	Leasehold property enhancements	Right-of-use assets	Fixtures, fittings and IT equipment	Total
	£000	£000	£000	£000
Cost:				
At January 1, 2019	8,426	-	9,755	18,181
Additions*	1,125	9,363	1,981	12,469
Disposals	(2,475)	-	(315)	(2,790)
At December 31, 2019	7,076	9,363	11,421	27,860
Accumulated depreciation:				
At January 1, 2019	6,345	-	7,231	13,576
Provided in the year	771	1,026	1,119	2,916
Disposals	(1,884)	-	(319)	(2,203)
At December 31, 2019	5,232	1,026	8,031	14,289
Net book value at December 31, 2019	1,844	8,337	3,390	13,571

*Leasehold property additions in 2019 inclusive of £9.17 million lease liabilities from the separation with the previous parent LVFS.

10. Deferred tax asset

	2020	2019
	£000	£000
At January 1	**1,460**	1,246
Credit for the year	**5**	214
At December 31	**1,465**	1,460

Analysis of deferred taxation temporary differences

Accelerated capital allowances	**1,465**	1,460
	1,465	1,460

The analysis of the deferred tax balance is as follows:

Deferred tax asset expected to be recovered after more than 12 months	**1,176**	1,123
Deferred tax asset expected to be recovered within 12 months	**289**	337
Net deferred tax asset	**1,465**	1,460

The valuation and recoverability of deferred tax assets relating to capital allowances in excess of depreciation is dependent on the availability of future taxable profits within the company. Management forecasts currently support the future recoverability of the deferred tax asset recognised in the statement of financial position as at December 31, 2020.

In the spring budget 2020, the government announced that from April 1, 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was substantively enacted on March 17, 2020.

As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. From April 01 2023 the rate will increase to 25%.

11. Current tax asset/(liability)

	2020	Restated 2019
	£000	£000
At January 1	**(1,913)**	116
Amounts credited/(charged) to statement of comprehensive income	**1,874**	(2,009)
Income tax paid/(recovered)	**126**	(20)
At December 31	**87**	(1,913)

12. Prepayments and accrued income

	2020	2019
	£000	£000
Prepayments	**694**	4,674
	694	4,674

There are no balances past due or impaired.

Prepayment have reduced significantly due to utilising another company within the LVGIG Group to process ongoing payments.

13. Other receivables

	2020 £000	2019 £000
Amounts owed from group undertakings	**7,760**	18,872
	7,760	18,872

There are no balances past due or impaired.

14. Maturity profile of assets

Maturity profile of assets 2020	**Note**	**Within 1 year £000**	**Total £000**
Amounts owed from group undertakings	13	7,760	7,760
		7,760	7,760

Maturity profile of assets 2019	Note	Within 1 year £000	Total £000
Amounts owed from group undertakings	13	18,872	18,872
		18,872	18,872

15. Trade and other payables

	2020 £000	Restated 2019 £000
Amounts owed to group undertakings	-	86,129
Accruals and deferred income	**108**	2,318
Other payables	**516**	183
	624	88,630

Accruals and deferred income has been restated for 2019 from £11,731k to £2,318k which amended the total of Trade and other payables for 2019 from £98,043k to £88,630k. The carrying value of trade and other payables is £624k (Restated 2019: £88,630).

16. Maturity profile of liabilities

Maturity profile of liabilities 2020	**Note**	**Within 1 year £000**	**Over 1 year £000**	**Total £000**
Trade and other payables	15	**(624)**	-	**(624)**
Loan from related party	22	**(15,750)**	**(47,250)**	**(63,000)**
Provisions	17	**(712)**	-	**(712)**
Lease Liabilities	21	**(1,303)**	**(6,721)**	**(8,024)**
		(18,389)	**(53971)**	**(72,360)**

Restated Maturity profile of liabilities 2019	Note	Restated Within 1 year £000	Over 1 year £000	Restated Total £000
Trade and other payables	15	(88,668)	-	(88,668)
Provisions	17	(3,096)	-	(3,096)
Lease Liabilities	21	(1,655)	(7,521)	(9,176)
		(93,419)	(7,521)	(100,940)

17. Provisions

	2020	2019
	£000	£000
Balance at January 1	**3,096**	3,722
Utilised during the year	**(1,332)**	-
Provided during the year	**490**	-
Releases during the year	**(1,542)**	(626)
Balance at December 31	**712**	3,096

Provisions relate to onerous contracts following the sale of the commercial business of £223k as well as a provision for dilapidations of £489k.

18. Share capital

	2020	2019
	£000	£000
Ordinary shares, allotted and fully paid		
1,045,001 (2019: 1,045,001) ordinary shares of £1 each	**1,045**	1,045
	1,045	1,045

All authorised shares have been issued.

19. Accumulated profits/ (losses)

		Restated
	2020	2019
	£000	£000
Balance at January 1	**7,274**	(344)
Profit/(loss) for the year	**(7,534)**	7,618
Balance at December 31	**(260)**	7,274

20. Annual commitments

Financial commitments
The Company has entered into several long-term contracts following service outsourcing which will end no later than 2021. These contracted commitments have not been provided for in the financial statements, except where these contracts are expected to be onerous (see note 17).

21. Lease Liabilities

	2020 £000	2019 £000
Within 1 year	**1,303**	1,655
In 2 to 5 years	**3,930**	4,046
Greater than 5 years	**2,791**	3,475
	8,024	9,176

The lease liability is measured at amortised cost using the effective interest method. Depreciation charged on the right of use asset is recognised within Other operating and administrative expenses and interest expense on the lease liability is recognised within Finance costs.

22. Loan from related party

	2020 £000	2019 £000
Loan from related party	**63,000**	-
	63,000	-

Amounts repayable to related party, Liverpool Victoria Insurance Company ("LVIC"), is to be repaid over 4 years, up to and including December 31, 2024 although the lender may, by way of giving notice, declare the loan payable on demand. The loan carries interest at 3% which is payable quarterly and charged on the outstanding balance.

The loan is guaranteed by Allianz SE and the guarantee shall cover the loan amount owed under the facility agreement from the Company to LVIC. The Company irrevocably and unconditionally undertakes that for such payments Allianz SE is required to make to LVIC, under the guarantee, it shall reimburse Allianz SE in accordance with the guarantee agreement.

23. Capital Management and risk policy

Capital management
The Company's capital risk is determined with reference to the requirements of the Allianz Holdings plc group. In managing capital, the Company does not seek to make either a profit or loss, with all costs incurred by the Company being recharged to Group subsidiaries of LVGIG. The sources of capital used by the Company are equity shareholders' funds. At December 31, 2020 the Company had £785,000 (restated 2019: £8,319,000) of total capital employed. The Company's operations are wholly based in the United Kingdom hence any risk exposure is almost entirely confined within the UK.

Credit risk
Credit risk is the risk that a counterparty will be unable to pay amounts due to the Company in full when the fall due. The Company is exposed to credit risk through its amounts due from group undertakings. The Company deems this risk to be low as the amounts are due from fellow Allianz SE Group subsidiaries and as such are A rated.

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 amounts due to group undertakings.
The Company has a loan from a fellow Allianz Holding Plc Group Company repayable over 4years. The loan is guaranteed by Allianz SE as disclosed in note 22. Liquidity risk for the Company is mitigated as the Company's finances all cost through intercompany recharges to other group companies.

24. Cash (used in)/generated from operating activities

	2020	Restated 2019
	£000	£ 000
Profit/(loss) before tax from continuing operations	**(9,413)**	9,413
Non-cash items		
Amortisation of intangibles	**16,280**	16,302
Depreciation on property, plant and equipment	**3,422**	2,916
Interest paid	**508**	292
Changes in working capital		
Decrease/(increase) in loans and other receivables	**11,111**	(11,643)
Decrease in provisions	**(2,384)**	(626)
Decrease in prepayments	**3,980**	7,838
Decrease in trade and other payables	**(88,514)**	(16,652)
Cash (used in)/generated from operating activities	**(65,010)**	7,840

25. Related party transactions

The Company did not enter into transactions with key management personnel. Details of significant transactions carried out during the year with related parties are as follows:

The following transactions have taken place between the Company and other LVGIG Group companies:

	2020	Restated 2019
	£000	£000
Management charge income (with LVIC*, LVRS* and HW*)	**53,063**	72,650
Management charge expense (with LVGIG)	-	(41)
	53,063	72,609

*Liverpool Victoria Insurance Company Limited (LVIC)
*LV Repair Services Limited (LVRS)
*Highway Insurance Company Limited (HW)

Balances outstanding between the Company and LVGIG:

	2020	2019
	£000	£000
Receivable from LVGIG	**(7,760)**	(18,872)
	(7,760)	(18,872)

Balances outstanding between the Company and LVIC:

	2020	Restated 2019
	£000	£000
Payable by the Company	**63,000**	86,129
	63,000	86,129

26. Ultimate parent company

The ultimate parent company and ultimate controlling party is Allianz SE, a European multinational financial services company headquartered in Munich, Germany.

The immediate parent company is Liverpool Victoria General Insurance Group Limited ('LVGIG'), a limited liability company, incorporated in the UK.

The immediate parent company is registered at the below address.

57 Ladymead,
Guildford,
Surrey,
England,
GU1 1DB

The largest company whose financial statements this Company is consolidated into is Allianz SE. The smallest company whose financial statements this Company is consolidated into is Allianz Holdings plc. With effect from December 31, 2019 LVGIG is a 100% owned subsidiary of Allianz Holdings plc, when it purchased the remaining 51% from the previous parent LV Capital plc.

The consolidated financial statements of Allianz SE and LVGIG are available to the public and may be obtained by post from:

The Company Secretary
57 Ladymead,
Guildford,
Surrey,
England,
GU1 1DB

or

Allianz
Königinstrasse 28
D-80802 Munich
Germany