Registered Number: 1282939

Annual Report and Financial Statements 2020

Pet Plan Limited

Directors:	G E Davess
	J M Dye
	F K Dyson
	S C McGinn
Secretary:	R C Jack-Kee
Registered Office:	57 Ladymead, Guildford, Surrey, GU1 1DB
Registered No:	1282939

Strategic Report

The Directors present their report and audited financial statements for the year ended December 31, 2020.

Principal activity
The principal activity of the Company is the introduction of pet and related insurance business to Allianz Insurance plc ("AZI"). The Company is authorised by the Financial Conduct Authority ("FCA") to act as an intermediary.

Business review
The impact of the Coronavirus disease ('COVID-19') is noted in Principal risks and uncertainties below.

The results for the year are set out in the Statement of Comprehensive Income on page 8. The profit for the year amounted to £162k (2019: £77k). The profit before tax in the year arose entirely from fees received for the introduction of insurance business. The increase in profit for the year was due to a decrease in the tax charge as result of lower imputed transfer pricing adjustments from decreased amounts due from related parties.

Key performance indicators
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 £200k (2019: £200k) and the net assets were £15,157k (2019: £14,995k). The Company does not monitor any non-financial key performance indicators.

Principal risks and uncertainties
The principal risk facing the Company is conduct risk related to its regulated activity. The Company mitigates this risk through regular dialogue with the FCA and the application of the principles of conduct. An additional risk is that AZI no longer requires the Company to introduce sales of pet and related insurance. This risk is not expected to materialise as the Company is a wholly owned subsidiary of AZI delivering profitable growth for that Company.

On March 11, 2020 the World Health Organisation confirmed that the outbreak of COVID-19 was a global pandemic. This was a new and significant source of uncertainty for the Company in 2020, which continues into 2021. Preventative actions such as restricting the public on non-essential travel, working from home, closure of businesses, postponing events and stopping public gatherings were taken by the UK government to varying degrees throughout 2020. Restriction measures have continued into 2021. This had an immediate impact on the domestic and global economies, and financial markets, creating uncertainty for people and businesses which has been felt throughout the course of the pandemic.

The Company is closely monitoring the situation as it continues to develop, to maintain service to customers and manage both operational and economic risk. There is close alignment and interaction to ensure the Company is operating in accordance with government advice and benefiting from the wider Allianz SE Group response.

Our values continue to drive our decision making as we work through this challenging time, with a focus on putting our people first and prioritising existing, and emerging, customer needs.

The Company is responding to the COVID-19 situation using well established business resilience and crisis management procedures. The key risk this crisis presents is operational and this risk is being actively monitored and managed on a daily basis.

The impact of COVID-19 is continuing to evolve, but the impact on the Company has been and continues to be insignificant.

Strategic Report (continued)

Future outlook
No changes in the principal activity are anticipated in the foreseeable future. The uncertainties surrounding Brexit and the COVID-19 pandemic are noted.

Brexit
The UK formally left the European Union (“EU”) on January 31, 2020 and a trade deal was agreed on December 23, 2020, coming into effect from January 1, 2021. The deal is not expected to have a significant impact on the Company’s performance in 2021.

Going concern
The Directors, having undertaken an assessment, 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.

Section 172 (1) Companies Act 2006 Statement
This statement sets out how the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duties. The Directors 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.

As a result of the governance structure of the Allianz Holdings plc Group (the Group”), of which the Company is a part, some strategic decisions and stakeholders interests (such as employees, community and the environment), are considered on a Group-wide basis by the Board of Allianz Holdings plc or its committees (the “Group Board”) rather than at a subsidiary Board level. Such decisions and stakeholder considerations are understood by the Board as two of the Directors are also directors of the Group Board and a third Director is a member of the Group Management Board, which is the principal executive committee of the Group Board. The fourth Director has operational responsibility for the Company’s results and the relevant decisions and considerations of the Group Board are shared with him.

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, AZI and the wider Group, its customers, its regulator (the Financial Conduct Authority), its suppliers and employees working on its business (who are employed by another entity within the Group). The Board also consider wider stakeholders, where relevant, such as the local communities in which it operates.

The Company’s Board meets as required and the Board considers all decisions put to it from the perspective of the Company and has regard to the Company’s stakeholders and their interests. The Directors also consider the long term consequences of decisions on the Company and the wider Group. During the year the Board met to approve the accounts for the year ended December 31, 2019 and in approving them considered the interests of all of its stakeholders, in particular its shareholder and the wider Group.

By order of the Board

F K Dyson
Director

July 20, 2021

Directors' Report

The Directors present their report and the audited financial statements for the year ended December 31, 2020.

Directors
The Directors of the Company who were in office during the financial year are shown on page 1.

Following the year end, R C Jack-Kee resigned as Company Secretary on February 1, 2021 and C M Twemlow was appointed as Company Secretary on February 1, 2021.

Results and dividends
The results for the year are shown in the Statement of Comprehensive Income on page 8. A review of the Company's business activities can be found in the Strategic Report on page 1.

No interim dividend was paid for the year ended December 31, 2020 (2019: £82,000k). The Directors do not recommend the payment of a final dividend for the year ended December 31, 2020 (2019: £nil).

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

Going concern
The Directors' going concern assessment has been outlined in the Strategic Report on page 2.

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

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

By order of the Board

C M Twemlow
Secretary
Pet Plan Limited
Company number 01282939

July 20, 2021

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and 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 group financial statements in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the 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 IFRSs as adopted by the European Union 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 also 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

F K Dyson
Director
July 20, 2021

Independent auditors' report to the members of Pet Plan Limited

Report on the audit of the financial statements

Opinion

In our opinion, Pet Plan 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 profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the statement of comprehensive income, the statement of cash flows, and the 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 Statement of Directors’ Responsibilities in respect of the Strategic Report, the Directors’ Report and 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 regulatory principles, such as those established by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries which may impact the financial performance and position of the company, and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- enquiry of management around actual and potential litigation and claims;
- enquiry of management to identify any instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- reading correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- reviewing financial statements disclosures and testing to supporting documentation to assess compliance with applicable law and regulations;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Zahid Khan

Zahid Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 July 2021

Statement of Comprehensive Income
For the year ended December 31, 2020

	Note	2020 £'000	2019 £'000
Revenue		200	200
Profit before tax		200	200
Income tax expense	5(a)	(38)	(123)
Profit for the year wholly attributable to the equity holders		162	77

There has been no other comprehensive income in the year ended December 31, 2020 (2019: £nil).

Statement of Changes in Equity
For the year ended December 31, 2020

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
Balance as at January 1, 2019	20	96,898	96,918
Dividend paid	-	(82,000)	(82,000)
Profit for the year	-	77	77
Balance as at December 31, 2019	20	14,975	14,995
Profit for the year	-	162	162
Balance as at December 31, 2020	20	15,137	15,157

The accounting policies and notes on pages 11 to 15 are an integral part of these financial statements.

Balance Sheet

As at December 31, 2020

	Note	2020 £'000	2019 £'000
Assets			
Amounts due from related parties	11	-	3,785
Cash and cash equivalents		19,550	11,333
Total assets		19,550	15,118
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	8	20	20
Retained earnings		15,137	14,975
Total equity		15,157	14,995
Liabilities			
Amounts due to related parties	11	4,355	-
Current tax liabilities	5(c)	38	123
Total liabilities		4,393	123
Total equity and liabilities		19,550	15,118

The accounting policies and notes on pages 11 to 15 are an integral part of these financial statements.

These financial statements on pages 8 to15 were approved by the Board of Directors on July 20, 2021 and signed on its behalf by:

F K Dyson
Director

Statement of Cash Flows
For the year ended December 31, 2020

	Note	*2020* *£'000*	*2019* *£'000*
Cash flows from operating activities			
Profit before tax		200	200
Decrease in amounts due from related parties	11	3,785	83,545
Increase in amounts due to related parties	11	4,355	-
Cash generated from operations		8,340	83,745
Income taxes paid	5(b)	(123)	(229)
Net cash inflow from operating activities		8,217	83,516
Cash flows from financing activities			
Dividends paid during the year		-	(82,000)
Net cash outflow used in financing activities		-	(82,000)
Net increase in cash and cash equivalents		8,217	1,516
Cash and cash equivalents at the beginning of the year		11,333	9,817
Cash and cash equivalents at the end of the year		19,550	11,333

The accounting policies and notes on pages 11 to 15 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2020

1. ACCOUNTING POLICIES

1.1. Company and its operations
Pet Plan Limited ("the Company") is a private limited company incorporated and domiciled in England and Wales.

1.2. Statement of compliance
The financial statements of the Company have been prepared and approved by the Directors in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006.

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
These financial statements are prepared on a going concern basis. For more information on the going concern assessment please refer to the Strategic Report on page 2.

UK-adopted international accounting standards
On December 31, 2020, EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board ("UKEB").

New standards and interpretations adopted by the Company
There are no new standards and interpretations that are mandatorily effective from January 1, 2020.

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

(a) Income taxes

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

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

(b) Amounts due from related parties

Amounts due from related parties are initially recognised and subsequently remeasured at amortised cost after taking into account any impairment losses. Amounts due from related parties 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 Balance Sheet date and the carrying amount of the receivables balance is reported after deduction of any ECL. The Company has adopted the "simplified approach" in determining the ECL. Under this approach, the ECL is calculated as the book cost of the receivables multiplied by a 1 year probability of default ("PD"), an appropriate loss given default ("LGD") and the number of days to maturity as a fraction of a year ("tenor").

***(c)* Amounts due to related parties**

Amounts due to related parties 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.

(d) Cash and cash equivalents

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

An ECL provision is assessed as at the Balance Sheet date and the carrying amount of the cash and cash equivalents balance is reported after deduction of any ECL. The Company has adopted the "simplified approach" in determining the ECL. Under this approach, the ECL is calculated as the book cost of the cash and cash equivalents multiplied by a 1 year PD, an appropriate LGD and tenor.

Notes to the Financial Statements

For the year ended December 31, 2020

1. ACCOUNTING POLICIES (continued)

(e) Revenue recognition

Revenue recognised relates to commission income from acting as an intermediary for the introduction of insurance business. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue is recognised when the performance obligation has been satisfied.

The Company has one performance obligation within its revenue stream:

- Introduction of pet and related insurance - the performance obligation is the introduction of pet insurance to the insurer. The insurer pays a flat fee per quarter not linked to the volume of business introduced. This obligation is fully satisfied at the beginning of the coverage period and as such the revenue is recognised immediately.

2. USE OF CRITICAL ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

3. EMPLOYEE RELATED COSTS

The Company has no employees and as such incurs no employee related costs.

4. AUDITORS' REMUNERATION

The total remuneration payable by the Company excluding VAT, to its auditors in respect of the audit of these financial statements, is shown below. The Company's audit fees are borne by Allianz Management Services Limited. Other services supplied pursuant to legislation were £nil (2019: £nil).

	2020	*2019*
	£'000	*£'000*
Fees payable for the audit of the Company's financial statements	3	3

5. INCOME TAX

(a) Income tax recognised in profit or loss

	2020	*2019*
Current income tax:	*£'000*	*£'000*
In respect of the current year	38	123
Total current income tax expense recognised in the current year	38	123

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

	2020	*2019*
	£'000	*£'000*
Profit before tax	200	200
Income tax expense calculated at 19% (2019:19%)	38	38
Effect of imputed transfer pricing adjustments	-	85
Income tax expense recognised in profit or loss	38	123

Notes to the Financial Statements

For the year ended December 31, 2020

5. INCOME TAX (continued)

The tax rate used for the 2020 and 2019 reconciliations above is the corporate tax rate payable by corporate entities in the UK on taxable profits under tax law in that jurisdiction. The standard rate of UK corporation tax will be 19% for 2021.

(b) Tax paid for cash flow purposes

	2020	*2019*
	£'000	*£'000*
Current tax payable at January 1	123	229
Amounts charged to the statement of comprehensive income	38	123
Tax paid during the year	(123)	(229)
Current tax payable at December 31	38	123

(c) Current tax liabilities

	2020	*2019*
	£'000	*£'000*
Current tax liabilities	38	123

6. DIRECTORS' EMOLUMENTS

S C McGinn, F K Dyson and J M Dye were not directly remunerated for their roles as Directors of Pet Plan Limited as the amount of time spent performing their duties was incidental to their roles as key management personnel of the Allianz Holdings plc Group.

G E Davess was not directly remunerated for his role as a Director of Pet Plan Limited as the amount of time spent performing his duties was incidental to his role as an employee of the Allianz Holdings plc Group.

7. DIVIDENDS

No interim dividend was paid for the year ended December 31, 2020 (2019: £82,000k). The Directors do not recommend the payment of a final dividend for the year ended December 31, 2020 (2019: £nil).

8. SHARE CAPITAL

	2020	*2019*
	£	£
20,000 Ordinary shares of £1 each	20,000	20,000

9. RISK MANAGEMENT POLICIES

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 seeks to maintain sufficient, but not excessive, financial strength to support the payment of dividends and the requirements of all stakeholders. The sources of capital used by the Company are equity shareholders' funds. At December 31, 2020 the Company had £15,157k (2019: £14,995k) of total capital employed.

The Company introduces insurance business to its parent AZI. Its operations are primarily based in the United Kingdom hence any risk exposure is almost entirely confined within the United Kingdom.

Financial Risk

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

Notes to the Financial Statements
For the year ended December 31, 2020

9. RISK MANAGEMENT POLICIES (continued)

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

Credit risk
Credit risk is the risk that a counterparty will be unable to pay amounts due to the Company in full when they fall due. The Company is exposed to credit risk through its cash and cash equivalents. The Company deems the credit risk associate with the cash and cash equivalents to be low as they are held with a financial institution with an A+ credit rating. The cash and cash equivalents can be drawn upon immediately.

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 related parties and current tax liabilities. The amounts due to related parties are deemed to be current. Liquidity risk for the Company is mitigated as the Company has sufficient liquid assets to meet its liabilities as they fall due and would be able to draw down from the liquid assets held elsewhere is the Allianz Holdings plc Group should the need arise.

10. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Allianz Insurance plc, a company registered in England and Wales.

The ultimate parent undertaking, Allianz SE, is incorporated in Germany and is the parent of the largest group of undertakings for which Allianz SE group accounts are drawn up and of which the Company is a member.

Copies of the Allianz SE Group accounts are available on request from Allianz SE, Königinstrasse 28, 80802 München, Germany.

11. RELATED PARTY TRANSACTIONS

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

	2020	2019
	£'000	*£'000*
Sales and administration services	200	200
Dividend paid	-	82,000

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

	2020	2019
	£'000	*£'000*
Due from related parties at December 31		
Other related party	-	51
Parent	-	3,734
Total	-	3,785

Notes to the Financial Statements

For the year ended December 31, 2020

11. RELATED PARTY TRANSACTIONS (continued)

	2020	2019
Due to related parties at December 31	*£'000*	*£'000*
Other related party	2,883	-
Parent	1,472	-
Total	4,355	-

The Company considers its key management personnel to be the Directors only. Further information is disclosed in note 6.

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

12. SUBSEQUENT EVENTS

There have been no subsequent events after the balance sheet date.