Registered number: 03947280

Annual Report and Financial Statements 2022

Allianz Management Services Limited

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Company Information

Directors	F K Dyson J A Harrison C J Holmes (appointed 10 March 2022)
Company secretary	C M Twemlow
Registered office	57 Ladymead Guildford Surrey GU1 1DB
Registered number	03947280
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activities

Allianz Management Services Limited (“Allianz", "the Company") acts as a management services provider for the Allianz Holdings plc group of companies (‘’Allianz’’, "the Group"). The Company employs staff, acts as sponsoring employer for the Group defined benefit pension scheme and incurs costs on behalf of Group entities which are subsequently re-charged across the Group. In return for the services provided, the Company charges a mark-up to some Group entities on their costs incurred. In addition, the Company acts as agent for the payroll service for other Allianz SE Group entities in the UK.

Business review

The results for the year are set out in the Statement of Profit and Loss and Other Comprehensive Income on page 17. The profit for the year wholly attributable to the equity holder amounted to £12,538k (2021: £5,911k). The profit for the year wholly attributable to the equity holder in the year was mainly as a result of the mark-up charged to other Group entities when expenses are re-charged. The difference in deferred tax between 2021 and 2022, was a result of a change in the tax rate in 2021. There is no change in the tax rate for 2022.

The other comprehensive expense after tax arising from the impact of changes in assumptions in the pension scheme valuation amounted to a £33,771k (2021: £34,794k). For more information regarding the assumptions used, refer to note 12.

The Company received a capital injection of £44,350k (2021: £44,350k) during the year.

Key performance indicators

The financial key performance indicators monitored by the Company are profit before tax, defined benefit pension plan surplus and equity. The profit before tax for the year amounted to £18,100k (2021: £18,055k), the defined benefit pension plan surplus was £108,263k (2021: £150,441) and equity was £23,380k (2021: £263k).

Allianz monitors a number of non-financial key performance indicators relating to employees, energy consumption and corporate social responsibility. The annual Allianz Engagement Survey (‘’AES’’) is a valuable feedback platform and an indicator of our corporate culture. Allianz monitors employee engagement and company culture through an Inclusive Meritocracy Index (‘’IMIX’’) which covers aspects of leadership, performance, collaboration, trust and respect. The slightly revised and more comprehensive Work Well Index Plus (‘’WWI+’’) covers aspects of the quality of the work environment, practices and opportunities.

The Company's key financial and other performance indicators during the year were as follows:

Employees

	2022 %	2021 %
AES results:		
IMIX	79.0	80.0
WWI+	70.0	72.0
Diversity (females in management positions)	39.6	33.0

Energy consumption

Greenhouse gas emissions per employee	**Achievement:** 0.6 tonnes per employee	**Target:** 1.2114 tonnes per employee by 2022
Energy consumption from office buildings per employee	**Achievement:** 7,373 MJ per employee	**Target:** 12,435 MJ per employee by 2022
Renewable energy	**Achievement:** Control over the supply, 100% renewable source. No control over the supplier, 99.6% from renewable resource	**Target:** 100% renewable energy across all sites by 2023

Strategic Report for the Year Ended 31 December 2022 (continued)

The targets disclosed above have been set for 2020-25 and include a calculation for remote working. The target was linked to 2019 figures prior to the outbreak of the COVID-19 pandemic. Subsequent energy usage has fallen dramatically as a consequence of the new hybrid working model meaning the targets were more easily achieved than expected. The targets have not been remeasured but are expected to be lower in the future.

Corporate social responsibility
Allianz is passionate about social responsibility and is committed to helping people and our communities build resilience. Allianz has charity partnerships with the mental health charities Mind, Scottish Action on Mental Health (“SAMH”) and family support charity, Family Action in the UK. Allianz also supports our local communities through employee volunteering, donations and the Allianz Community Fund. On a global level, Allianz has donated to the German Red Cross to help support their aid work, including helping people in Ukraine in 2022.

In 2022 Allianz raised money for our Mind/SAMH and Family Action partnerships through employee fundraising and corporate donations. Allianz has also used the partnerships to expand the mental health support resources we have in place at Allianz for our employees including the training of mental health first aiders within our business and also for our broker partners.

Allianz is proud to be the Official Insurance Partner of England Rugby and title sponsors of the top league of women’s domestic rugby in England, the Allianz Premier 15s. As part of our partnership we are also principle partner to Women’s Club Rugby and the sponsor of the Inner Warrior grassroots rugby programme, which aims to bring the benefits of rugby to women and girls across the country.

As proud partners of the Olympic and Paralympic Movements, Allianz has also donated £100,000 to grassroots sports clubs during 2022 through the Allianz Sports Fund.

Allianz is also passionate about reducing our impact on the environment and engaging our employees in reducing their carbon footprint both at work and at home. Our quarterly Sustainability Weeks aim to engage and educate employees on specific environmental issues. Allianz’s Net Zero Accelerator worked with our broker partners in 2022 to help them on their path to net zero through an investment of £100,000 to educate and help them plan how to reduce their impact on the environment.

Non-financial key performance indicators relating to corporate social responsibility:

Association with mental health charities:

Mind (England and Wales); and SAMH Family Action	**Achievement:** Since March 2019, raised £1,278k for Mind and SAMH through employee fundraising and company contributions. Since January 2021, raised £600k for Family Action through fundraising and company contributions.
Employee volunteering	**Achievement:** In 2022, 673 employees gave over 263,700 minutes to their local communities. We increased the available volunteering hours to 20 hours per employee and have run two tree planting days for employees as well as working with Trussell Trust to help local foodbanks. The return to volunteering activities was still limited by COVID-19 restrictions.

Principal risks and uncertainties
The principal risks facing the Company are adverse development in the funding position of the defined benefit employee pension scheme and reliance on Allianz Holdings plc ("AZH") and its subsidiaries for its revenue. Full disclosure in relation to the defined benefit employee pension scheme has been given in note 12.

Future Outlook
No changes in the principal activities are anticipated in the foreseeable future. The challenges presented by the economic environment will continue to be monitored, in particular the increased rate of inflation which is expected to remain at high levels until the end of 2023. The Company also recognises that the political situation in Russia and Ukraine following the military invasion of Ukraine may drive other threats. The Company continues to monitor emerging threats and our well established business resilience and crisis management ensures appropriate actions can be taken.

Going concern
The Directors, having undertaken an assessment, are confident in the Company's ability to continue as a going concern.

Section 172 (1) Companies Act 2006 Statement
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 for 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 have acted in a way that they considered, both individually and collectively, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in the decisions taken during the year.

The Company is a wholly owned subsidiary of Allianz Holdings plc ("AZH") and provides management services to the Group. 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 ("AZH Board"), which meets alongside the boards of directors of other key regulated entities and holding companies within the Group 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.

Group strategy and stakeholder considerations are understood by the Company's Directors as they are members of the AZH Board and/or the AZH Executive Committee. The Company's Directors have oversight of the Company's key activities through the reporting provided to and the oversight provided by the AZH Board and Executive Committee. However, while oversight is carried out at Group level, any decisions put to the Company's Board are considered from the perspective of the Company and its stakeholders.

When making decisions, the Board receives information in the form of Board reports and presentations and these reports include information about how stakeholder interests relevant to the Company have been considered. Information on other section 172 factors is also incorporated such as impact on the Company's reputation and impact on communities. The Board met five times during the year to discuss matters relevant to the Company's business.

Customers, suppliers and other stakeholders statement
The Company's principal stakeholders are its employees, its shareholder, its service clients (which are wholly owned companies within Allianz SE Group) and its suppliers, whilst wider stakeholder interests include the environment, local communities and wider society. Details of the Company' s engagement activities in relation to its stakeholders are detailed below:

Employees
Our people and culture are key in achieving our strategic objectives and delivering for our customers across all areas of our business. Employee engagement is a high priority for the Company and the Group and we seek the feedback of employees regularly. Various methods of employee engagement are used by the Company including the AES and "pulse" surveys sent to employees on various topics, virtual townhalls and focus groups.

Throughout 2022 there have been regular townhalls with other senior executives invited to join the AZH CEO to discuss important topics and answer questions raised by employees.

Strategic Report for the Year Ended 31 December 2022 (continued)

The key Group-wide engagement activity is the AES. The AES is a valuable employee feedback platform and an indicator of the Group's culture and employee engagement. The AES results include the IMIX which covers aspects of leadership, performance, collaboration, trust and respect and the WWI+ is used to measure the quality of the work environment, practices and opportunities. Inclusive Meritocracy is our target culture and can be described by three principles: 1) people and performance matter in a culture of inclusive meritocracy; 2) the 'what' and the 'how' count and define individual performance at Allianz; and 3) people attributes set the aspiration for how each employee should act. The IMIX is derived from the responses to a specific series of questions asked in the annual AES.

The AES results are collated to give a Group-wide result and also broken down by area and team. The survey results are shared with the AZH Board and the AZH Executive Committee, with each team across the business establishing action plans based on the feedback received. The results of the survey are directly linked to the performance objectives of the AZH Executive Committee and AZH Board executive Directors. This approach ensures that our people, matters of importance to them and the impact of decisions on the workforce are actively considered by the leadership team when making decisions.

The Company also provides payroll services to certain Allianz SE Group companies (other than Group companies) in respect of their UK employees.

Shareholders and Service Clients

The Company has regard to the interests of its immediate shareholder, AZH and other entities within the Allianz SE Group to which it provides its management services. The Board has engaged regularly with and worked closely with the AZH Board and AZH Executive Committee and other companies within the Group to ensure that the management services provided to the Group are effective and help the Group to achieve success in its strategy. The Board's engagement with AZH and other Group companies is operating continually through internal processes and procedures and by virtue of the fact that the Company's directors are appointed to the boards of other Group companies to which management services are provided.

Suppliers

Proposed significant supplier contracts, either strategic or by reason of size and significance to the Company, are considered by the AZH Board on behalf of the Group, following initial meetings and negotiations by procurement and commercial teams and direct engagement with senior management. In 2022, significant supplier contracts, supported by summary documents, were provided to the AZH Board to enable an informed decision to be made covering areas such as performance, cost, risk and strategic alignment. Suppliers are required to comply with the Group's Vendor Code of Conduct, which ensures standards are met in relation to ethics, labour and, more recently in 2022, environmental sustainability.

In addition, the sourcing process itself is governed across the Group by adherence to requirements laid out in the Allianz Global Standard for Procurement, via the Local Procurement Standard. As a consequence, in 2022, the AZH Board gave due consideration to significant intended supplier arrangements and their suitability and ability to meet the Group's requirements including but not limited to areas such as information security, data privacy, risk, protection and resilience. Alongside this, work has been done in 2022 to meet the PRA's SS2/21 statement regarding the management and oversight of third parties, further increasing the governance and control of new and existing relationships.

Once a supplier relationship is in place, in line with Allianz's Supplier Relationship Management Framework, relevant executives assume responsibility for approving and overseeing procedures to effect significant contracts and for their ongoing monitoring and performance. Regular reports on supplier performance, inclusive of inputs from fellow safeguarding functions such as Information Security, Operational Resilience, and Risk, were made available to the Board in the course of 2022 to ensure effective oversight and control.

All of these measures come together to form a productive, secure, and mutually beneficial working relationship with each supplier. This has been especially important in 2022 given the turbulent economic environment. These strong working relationships with suppliers has enabled the organisation to manage costs, mitigate risk, and work collaboratively to support strategic organisational objectives.

Community and the environment
Community and environment initiatives are undertaken at Group level. The Company's employees, as part of the Group, engage with the local community and wider society through long-term partnerships with organisations. The Group has a three-year partnership with mental health charities Mind and Scottish Action on Mental Health in the UK. As well as raising money for these charities over the past two years, we have also expanded the mental health support resources we have in place for the Company's employees. There is also a community fund, which coordinates donations to organisations local to the Company registered office in Guildford. In addition, during 2022 we continued our engagement via the Allianz Sports Fund, which donated £100k to grassroots sports clubs over the year.

An Environmental, Social, Governance ("ESG") strategy ensures the Allianz SE Group is a leader in sustainability, a responsible and trusted business, and a committed corporate citizen. The Group focuses on promoting the transition to a low-carbon economy, social inclusion and ensuring the integration of ESG into all aspects of our business.

Board decision-making
This part of our section 172 statement describes how the Board has had regard to the Company's stakeholders and other matters to be considered under section 172(1) of the Act in some of the key decisions taken by the Board during the year.

Issue of Ordinary Shares

***Section 172 considerations**: promoting the success of the Company for the benefit of the Company's members, long-term consequences, employees, maintaining a reputation for high standards*

***Stakeholders**: Shareholders, employees*

During the year the Board approved the issue of additional ordinary shares to its shareholder, in consideration for cash. The cash enabled the Company to make the agreed contributions to the Allianz Retirement and Death Benefits Fund (''ARDBF"), a defined benefit pension scheme which is now closed to further accrual. The Directors considered that the allotment for cash was in the interests of the Company for the benefit of its shareholder, and the Group as a whole in the long term to enable it to meet its obligations to the ARDBF under the Statutory Funding Objective. The Board also considered the interests of employees, and particularly those present and former employees who were a member of the ARDBF, and the Group in making the decision.

Escrow Arrangement

***Section 172 considerations**: long term consequences of decisions, promoting the success of the Company for the benefit of the Company's employees, members*

***Stakeholders**: Shareholder, Employee*

During the year, the Board took the decision to implement an escrow arrangement to hold Company contributions to the ADRBF, in line with the funding strategy agreed between the Company and Allianz Pension Fund Trustees Limited. The Board had previously considered the principles supporting the long term funding strategy for the ARDBF which had been agreed with the AZH Board as well. The Board approved the proposal and related documents as it considered the proposal to be in the best interests of employees and former employees, who are members of the ARDBF, as well as the interest of its shareholder, as the operation of an escrow arrangement reduces the risk of creating a trapped surplus through over funding.

Strategic Report for the Year Ended 31 December 2022 (continued)

Project Gearshift

***Section 172 considerations**: promoting the success of the Company for the benefit of the Company's members, employees, suppliers, maintaining a reputation for high standards*

***Stakeholders**: Shareholder, Employee, Suppliers*

During the year, the Board approved that the Company enter into agreements to facilitate business transfer and outsourcing in support of Gearshift which is a Group wide programme. Following approval of the Gearshift programme by the AZH Board, in making the decision, the Board of the Company considered the interests of employees, its shareholder and the Group's outsourced service providers before agreeing to the proposals.

On behalf of the Board

F K Dyson
Director

5 April 2023

Directors' Report for the Year Ended 31 December 2022

The directors present their audited Annual Report and financial statements for the year ended 31 December 2022.

Stakeholder and Employee Engagement statements

Details of how the Board has had regard to the need to foster the Company's business relationships with suppliers, customers and other stakeholders and the effect of that regard on the principal decisions taken by the Company's Board is contained in the Section 172 statement on page 4. Details of how the Company engages with its employees is also contained in the Section 172 statement on page 4.

Directors

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

F K Dyson

J A Harrison

C J Holmes (appointed 10 March 2022)

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

No interim dividend was paid for the year ended 31 December 2022 (2021: £nil). The Directors do not recommend the payment of a dividend for the year ended 31 December 2022 (2021: £nil).

Future outlook

The future outlook for the Company is outlined in the Strategic Report on page 4.

Going concern

The going concern assessment for the Company is outlined in the Strategic Report on page 4.

Employees

Equal Opportunities

The Company firmly believes that its employees are at the core of achieving its business success and it ensures that policies and procedures are tailored to ensure it attracts, develops and retains a workforce with the right skills, knowledge and behaviours for the long-term future success of the Company and the Group. The approach of the Company and the Group to equal opportunities are aligned. The Company believes in equality of opportunity and is committed to creating an environment where people can succeed regardless of gender, age, race, disability, religion, sexual orientation or other protected characteristics. We believe that having a strong focus on diversity and inclusion enables our organisation to better understand the customers we serve and our people. We aim to foster an inclusive environment where a valued and diverse workforce can be heard, contribute, grow and feel a sense of belonging.

We encourage the employment of talent from all backgrounds and abilities. As part of this, we have been granted 'Disability confident Employer' status by the Department for Work and Pensions.

Provided a candidate has made the Group aware that they are disabled and meet the minimum requirements of a vacancy, they will be offered an interview for that position. The Group is dedicated to ensuring it is providing reasonable workplace adjustments to meet specific needs for candidates and employees with disabilities at any point. The Company promotes diversity within its workforce and inclusion of all people. We promote the active participation of employees in staff networks to further improve inclusive working and recognise diversity.

Directors' Report for the Year Ended 31 December 2022 (continued)

The Group consults the expertise of membership organisations in the diversity and inclusion field and has signed up publicly to selected initiatives that promote diversity and inclusion. This includes a commitment to the aims of the Race at Work Charter across the Group. Employee learning and development opportunities are provided including support for achieving professional qualifications through apprenticeship standards or direct study.

Employee engagement and consultation

Employees are offered participation in a range of benefits, including participation in share schemes, which encourages involvement in the Allianz SE Group's performance.

Eligible employees also participate in a performance related bonus scheme which is linked to both the Group’s and the individual’s performance to incentivise achievement of the Company's strategic objectives. Throughout the Company, consultative procedures are in operation to enable management and staff to discuss matters of mutual interest. Staff are kept informed about the affairs of the Company and the Group through townhalls, departmental channels, team briefings or via consultative bodies and information disseminated electronically including via regular employee newsletters and ongoing intranet news. Under the procedural agreement with a recognised trade union, the Group holds regular meetings on topics raised by both parties; this is in addition to the normal negotiating processes. Information regarding how the Board engages with and has regard to employee interests in decision-making is included in the Section 172 statement on page 4 of the Strategic Report.

Pension Scheme Trustee Indemnity

The Company, as principal employer of the ARDBF, has granted a qualifying pension scheme indemnity provision (as referred to in section 236 of the Companies Act 2006) in respect of each of the directors of Allianz Pension Fund Trustees Limited. Such indemnity is of indefinite duration, and shall continue to be granted in respect of a director even after the Director has ceased to hold such office.

Streamlined Energy and Carbon Reporting (“SECR”)

The Company fulfils the statutory requirements for SECR which includes disclosure of the Company’s carbon emissions. Under the Companies Act 2006 and SECR Regulations, ‘Large’ companies are required to report their annual emissions in their Directors’ report.

The SECR statement covers the reporting period 1 January 2022 to 31 December 2022 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).

‘Location based’ Method

The total energy consumption for 2022 was 16,034,389.25 kWh (2021: 16,645,135.03 kWh) equating to 3,432.989 tCO2e (2021: 3,532.599 tCO2e). Carbon intensity: Emissions of tCO2e/full-time equivalent during 2022 was 0.786 tCO2e (2021: 0.831 tCO2e)

However, the Company strategy has been to purchase renewable energy backed by Renewable Electricity Guarantees of Origin (REGO) certificates. Through this strategy, within the above 2022 total energy consumption, the Company has sourced a total of 5,124,261.79 kWh of REGO backed (zero emission) electricity equating to 98.58% of total electricity use.

'Market Based' Method

The total energy consumption for 2022 was 16,034,389.25 kWh (2021: 16,645,135.03 kWh) equating to 2,388,140 tCO2e (2021: 2,503.965 tCO2e). Carbon intensity: Emissions of tCO2e/full-time equivalent during 2022 was 0.547 tCO2e.

Energy Efficiency actions taken during 2022:

- During the refurbishment of the Milton Keynes office the following actions were taken: Adapted landlord energy efficient air-con system and added two energy efficient air-con wall mounted units in the Comms Room. Also adapted landlord energy efficient LED light fittings and PiR controls (movement sensors).

Over 90% of the Group's waste is recycled. The Group's aim is to divert 100% of waste from landfill. This includes office closures where the aim is to repurpose or recycle old office equipment or donate this to local charities.

The Group is committed, via a Science Basted Target, to being net zero in operations by 2030. This means reducing emissions by 70%, versus the 2019 baseline, by strengthening environmental management and sourcing 100% renewable electricity by 2023. The key drivers to delivering the emissions reduction target will be the shift to a fully electric corporate car fleet by latest 2030 and a reduction of 40% GHG emissions deriving from travel activities by 2025.

Corporate Governance Report

For the year ended 31 December 2022 the Company did not apply a corporate governance code. In accordance with The Companies (Miscellaneous Reporting) Regulations 2018, this report gives the reasons why no such code was applied and explains what arrangements for corporate governance were applied.

Corporate Structure

The Company is a wholly owned subsidiary of the Group. The Company is a service Company for the Group and, alongside Liverpool Victoria General Insurance Group Limited (''LVGIG''), employs the Group staff. The services provided in connection with employees are overseen by the Chief Human Resources Officer, who is a Director of the Company and the AZH Executive Committee and there is a Group-wide approach where applicable.

The Board consists of three Directors. Two of the Directors are executive Directors of the AZH Board. All three Directors are members of the AZH Executive Committee. The AZH Board, together with several committees to which it has delegated its activities, determine the overarching strategy, culture, values, governance and controls to be applied by each Group Company, including the Company, particularly in relation to the Company's employees.

As the Directors are either a member of the AZH Board, a member of the AZH Executive Committee or both, they are fully cognisant of the matters applicable to the Company.

Corporate Governance Code

Given the corporate structure described above, the Company did not apply a specific corporate governance code as it operates in accordance with the internal rules, codes, values, governance and controls established by the Group Board and its committees and which are cascaded down to, and adopted by, each Group Company. It is not unusual for large corporate Groups to adopt a common corporate and governance approach as this helps to ensure a consistency of ethos, values and conduct of business. The Group adopts the principle of top-down Group policies, codes and governance in order that its customers will receive the same high levels of service, customer centricity, honesty and integrity no matter which Group Company they are doing business with.

Application of Corporate Governance

Some companies within the Group applied the Wates Corporate Governance Principles for Large Private Companies (“Wates Principles”) to their businesses during the financial year ended 31 December 2022.

The Company provides management services to the Group to enable it to operate efficiently in a legal and compliant manner and to follow the policies, codes, values and governance stipulated by the Group. Although not formally adopted by the Company, the Wates Principles have instructed and influenced the way in which the Company has conducted business, been governed and has engaged with its various stakeholders. This is because the business of the Company is inextricably linked with that of the Group and other companies within the Group, resulting in the need for the Company to adopt the working practices of the Group to ensure good governance and customer outcomes.

Directors' Report for the Year Ended 31 December 2022 (continued)

External Impacts

The Company is acutely aware of the broader impact it has on its various environments, its customers, employees and society in general. Sustainability is a key objective of the business, informing what it does and in particular the goods and services it procures. Positive employee engagement is fundamental to achieving other key objectives, whether that might be in relation to policies and codes of conduct or encouragement to participate in social and environmental matters important to the business or the employees themselves. Social responsibility and volunteering is actively encouraged. Details of these initiatives can be found in the Strategic Report.

Good and effective governance underpins and drives a number of key business objectives including: growth and profitability, employee engagement, product performance, co-operative arrangements with third party stakeholders and suppliers, and sustainability.

The Group's day-to-day operations will have an impact on the environment, including the consumption of resources and energy. Further information can be found in the Director's Report in accordance with the SECR reporting requirements.

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

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors; a resolution proposing the re-appointment of PricewaterhouseCoopers LLP will be submitted at the Annual General Meeting.

By order of the Board

C M Twemlow
Company secretary

5 April 2023

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 the parent company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors’ confirmations

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

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

On behalf of the Board

F K Dyson
Director

5 April 2023

Independent auditors’ report to the members of Allianz Management Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Allianz Management Services Limited’s financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements 2022 (the “Annual Report”), which comprise: Statement of Financial Position as at 31 December 2022; the Statement of Profit and Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC’s Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included:

- Obtaining the directors' going concern assessment and challenging the material assumptions made using our knowledge of the business and obtaining further corroborative evidence;
- Considering information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict the directors' assessment of going concern; and

- Assessing the disclosures made by the directors in the financial statements and checking the consistency of the disclosures with our knowledge of the company based on our audit and the other procedures listed here; and
- Reviewing the letter of support provided from the parent company.

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 2022 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 breaches of UK Companies Act (2006) requirements and UK employment law requirements, 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 management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of the defined benefit pension obligation. In addition we note the potential for management bias in the recording of complex transactions and in the posting of inappropriate journal entries.. Audit procedures performed by the engagement team included:

- Discussions in consideration of known or suspected fraud with the Board of Directors, management, internal audit, senior management involved in the risk and compliance functions and the Company's legal function;
- Evaluating management's internal controls designed to prevent and detect irregularities;
- Assessing matters reported on the Company's whistleblowing helpline and fraud report and the results of management's investigation of such matters;
- Engaging our PwC pension experts to examine the methodologies and assumptions used by management's experts in valuing the defined benefit pension obligation;
- Reviewing relevant meeting minutes including those of the Board of Directors;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management; 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.

Matthew Nichols (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5 April 2023

Statement of Profit and Loss and Other Comprehensive Income
For the Year Ended 31 December 2022

	Note	2022 £'000	Restated[1] 2021 £'000
Revenue	3	498,277	462,007
Administrative expenses	4	(480,750)	(445,511)
Operating profit		**17,527**	**16,496**
Finance income	12	3,000	2,400
Finance costs	6	(2,427)	(841)
Profit before tax		**18,100**	**18,055**
Income tax expense	8.1	(5,562)	(12,144)
Profit for the year wholly attributable to the equity holder		**12,538**	**5,911**
Other comprehensive (expense)/income			
Items that will not be reclassified subsequently to profit or loss			
Loss on pension fund	12	(45,246)	(43,756)
Tax on loss on pension fund	8.2	11,475	8,962
Total other comprehensive expense for the year, net of tax		**(33,771)**	**(34,794)**
Total comprehensive expense for the year wholly attributable to the equity holder		**(21,233)**	**(28,883)**

[1] For more detail please refer to note 3 and 4.

The accounting policies and notes on pages 21 to 50 are an integral part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2022

	Note	Share capital £'000	Accumulated losses £'000	Total £'000
At 1 January 2021		44,350	(59,554)	(15,204)
Profit for the year		-	5,911	5,911
Capital injection	17	44,350	-	44,350
Loss on pension fund	12	-	(43,756)	(43,756)
Tax on loss on pension fund	8.2	-	8,962	8,962
At 31 December 2021		**88,700**	**(88,437)**	**263**

	Note	Share capital £'000	Accumulated losses £'000	Total £'000
At 1 January 2022		88,700	(88,437)	263
Profit for the year		-	12,538	12,538
Capital injection	17	44,350	-	44,350
Loss on pension fund	12	-	(45,246)	(45,246)
Tax on loss on pension fund	8.2	-	11,475	11,475
At 31 December 2022		**133,050**	**(109,670)**	**23,380**

Statement of Financial Position
As at 31 December 2022

	Note	2022 £'000	2021 £'000
Assets			
Property, plant and equipment	11	3,129	1,904
Right of use assets	13	25,059	29,037
Intangible assets	10	15,389	19,116
Deferred tax assets	8.5	2,095	3,809
Defined benefit pension plan surplus	12	108,263	150,441
Trade and other receivables	14	65,733	38,298
Current tax assets	8.4	-	13,407
Cash and cash equivalents	15	40,250	3,823
Total assets		**259,918**	**259,835**
Equity and liabilities			
Equity			
Share capital	17	(133,050)	(88,700)
Accumulated losses		109,670	88,437
Total equity		**(23,380)**	**(263)**
Liabilities			
Provisions for other liabilities and charges	19	(4,870)	(4,367)
Deferred tax liabilities	8.5	(27,065)	(37,610)
Lease liabilities	13	(24,080)	(27,589)
Trade and other payables	18	(63,579)	(60,406)
Current tax liability	8.4	(2,700)	-
Loans and borrowings	16	(844)	-
Financial liabilities			
Loan from related party	20	(113,400)	(129,600)
Total liabilities		**(236,538)**	**(259,572)**
Total equity and liabilities		**(259,918)**	**(259,835)**

These financial statements on pages 17 to 50 were approved by the Board of Directors on 4 April 2023 and signed on its behalf by:

F K Dyson
Director

Allianz Management Services Limited
Registered Number: 03947280

The accounting policies and notes on pages 21 to 50 are an integral part of these financial statements.

Statement of Cash Flows
For the Year Ended 31 December 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Profit before tax		**18,100**	**18,055**
Adjusted for non-cash items			
Depreciation of property, plant and equipment	11	541	194
Depreciation on right of use assets	13	8,454	8,294
Amortisation of intangible assets	10	6,822	6,942
Write off of intangible assets	10	-	407
Gain on disposal of property, plant and equipment		(152)	(191)
Finance income	12	(3,000)	(2,400)
Interest expense on lease liabilities	6	329	336
		31,094	**31,637**
Changes in working capital			
Increase pension benefit surplus	12	(68)	(40,878)
Increase in trade and other receivables	14	(27,435)	(5,731)
Increase/(decrease) in trade and other payables	18	3,174	(1,646)
Increase in provisions for other liabilities and charges	19	503	183
Cash generated from/(used in) operations		**7,268**	**(16,435)**
Interest on loan	6	2,098	505
Income tax received	8.3	13,188	2,332
Net cash flow generated from/(used in) operating activities		**22,554**	**(13,598)**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(1,836)	(1,738)
Proceeds from sale of property, plant and equipment		222	231
Intangible assets capitalised	10	(3,095)	(2,515)
Net cash flow used in investing activities		**(4,709)**	**(4,022)**
Cash flows from financing activities			
Finance costs	6	(2,427)	(841)
Repayment of loan obligations	20	(16,200)	(16,200)
Capital injection	17	44,350	44,350
Repayment of the lease liabilities		(7,985)	(8,053)
Net cash flows generated from financing activities		**17,738**	**19,256**
Net increase in cash and cash equivalents		**35,583**	**1,636**
Cash and cash equivalents at the beginning of the year	**15**	**3,823**	**2,187**
Cash and cash equivalents at end of year	**15, 16**	**39,406**	**3,823**

The accounting policies and notes on pages 21 to 50 are an integral part of these financial statements.

1 ACCOUNTING POLICIES

1.1 Company and its operations
Allianz Management Services Limited is a private limited company incorporated in England and Wales and domiciled in the United Kingdom.

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

1.3 Basis of preparation
The financial statements have been prepared on the historical cost basis except for the following assets and liabilities that are stated at their fair value:

• Pension benefit obligation - held at fair value.
• Lease liability - please refer to accounting policy (c).
• ROU asset - please refer to accounting policy (c).

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 4.

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 2022. 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 Company has identified the accounting policies that are most significant to its business operations and the understanding of its results. The accounting policy which involves the most complex or subjective decisions or assessments relate to the valuation of the defined pension surplus. In each case, the determination of these is fundamental to the financial results and position and requires management to make complex judgements based on information and financial data that may change in the future periods. Since these involve the use of assumptions and subjective judgements as to future events and are subject to change, the use of different assumptions or data could produce significantly different results. Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of significant adjustments in the next year are discussed in note 2.

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

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

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies (continued)

(a) Property, plant and equipment (continued)

Depreciation

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

Asset class	Useful Life
Equipment and motor vehicles	4 years
Fixtures and Fittings	5 years

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

(b) Intangible assets

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

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

Asset class	Useful Life
Computer Software	4/5 years

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

(c) Company as a Lessee

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

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

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

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

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies (continued)

(c) Company as a Lessee (continued)

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

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

(d) Income taxes

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income tax charge. Current tax and deferred tax shall be recognised outside profit and loss if the tax relates to items that are recognised, in the same or different period, outside profit and loss.

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

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

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

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

(e) Trade and other receivables

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

An expected credit loss (“ECL”) provision is assessed as at the Statement of Financial Position date and the carrying amount of the receivables balance is reported after deduction of any ECL.

The Company has adopted the “simplified approach” in determining the ECL. Under this approach, the ECL is calculated as the book cost of the receivables multiplied by a 1 year probability of default (“PD”), an appropriate loss given default (“LGD”) and the number of days to maturity as a fraction of a year (“tenor”).

(f) Cash and cash equivalents

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

An ECL provision is assessed as at the Statement of Financial Position date and the carrying amount of the cash and cash equivalents balance is reported after deduction of any ECL.

The Company has adopted the “simplified approach” in determining the ECL. Under this approach, the ECL is calculated as the book cost of the cash and cash equivalents multiplied by a 1 year PD, an appropriate LGD and tenor.

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies (continued)

(g) Provisions for other liabilities and charges

A provision is recognised by the Company when a past event gives rise to a present legal or constructive obligation, in which the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made. If the effect is significant, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects a current market assessment for the time value of money and, where appropriate, the risk is specific to the liability.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from contracts are less than the unavoidable costs of meeting the obligations under the contracts.

The Company recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practise that has created a constructive obligation.

(h) 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.

(i) Interest-bearing loans

Interest-bearing loans are stated at cost.

(j) Retirement and termination benefit costs

The Company sponsors two pension schemes:

- The Allianz Retirement and Death Benefit Fund (“ARDBF”) - this is defined benefit only. It is operated jointly by the Company and a trustee board.
- A Group Personal Pension Plan (“GPPP”) - this is defined contribution only. It is operated by Aviva.

The Company became the Principal Employer to the ARDBF on 1 September 2005. Since that date, the Company has accounted for pensions in accordance with IAS19 and the disclosures given are those required by that standard.

For the ARDBF, the cost of providing benefits is determined using the projected unit credit method. For the GPPP, the cost of providing benefits is determined as the contributions payable during the year.

Contributions payable to the ARDBF do not affect the measurement of the defined benefit liability or asset recognised on the Statement of Financial Position on the grounds that the Company has an unconditional right to a refund, assuming the gradual settlement of ARDBF liabilities over time until all members have left. In considering this, the Company has taken into account that the Trustees do not have unilateral powers to wind up the ARDBF or modify benefits.

Termination benefits are payable when employment is terminated by the Company or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

(k) Revenue recognition

Revenue recognised relates to a mark-up charged on the expenses the Company handles on behalf of the Group. Revenue is measured at the fair value of the consideration received. Revenue is recognised when the performance obligation has been satisfied.

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies (continued)

(k) Revenue recognition (continued)

The Company has one performance obligation within its revenue stream:

- Re-allocation of expenses to Group entities - The performance obligation is the re-allocation of expenses incurred on behalf of the Group. Revenue relates to a flat rate percentage mark-up on the expenses re-allocated. This obligation is satisfied when the expenses are recharged and as such the revenue is recognised immediately.

(l) Foreign currency translation

The Company's presentational currency is British Pounds. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at year end are retranslated at the functional currency rate of exchange ruling at the Statement of Financial Position date. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are recognised in administrative expenses.

(m) 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 Bank of England base rate plus 0.25% and charged on the outstanding loan balance 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.

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 critical judgements, estimations and assumptions that the Directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below:

Assumptions used to determine the carrying amount of the defined benefit obligation

The key actuarial assumptions are the discount rate, Consumer Price Inflation ("CPI") and life expectancy. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's defined benefit obligation and the sensitivity of those amounts to changes in the assumptions are provided in note 12.

3 REVENUE

	2022 £'000	Restated[1] 2021 £'000
Rendering of services to related parties	498,277	462,007
Total revenue	**498,277**	**462,007**

[1] The Company incurs expenses of behalf of the Group. These expenses are subsequently recharged across the Group. In 2021, some of these expenses were excluded from both the Company's revenue and administrative expenses. These have been restated to better reflect the nature of the arrangement as the Company is the principal and should recognise the initial expense in administrative expenses and the corresponding allocation in revenue. The revenue has been restated from £400,613k to £462,007k and administrative expenses have been restated from £384,117k to £445,511k. There was no impact on profit for the year or retained earnings.

4 ADMINISTRATIVE EXPENSES

	2022 £'000	Restated[1] 2021 £'000
Depreciation of property, plant and equipment	542	194
Depreciation on right of use assets	8,454	8,294
Amortisation of intangible assets	6,822	6,942
Short term lease payments	372	175
Information and communication	65,486	80,286
Consultancy and marketing Costs	31,458	21,516
Facilities and rates	12,893	11,648
Employee related costs	243,840	221,821
Donations	301	494
Travel	4,251	1,900
Services provided by Allianz SE Companies	39,160	32,305
Membership fees	3,691	3,383
Other staff related costs	29,421	33,038
Other	34,059	23,515
Total administrative expense	**480,750**	**445,511**

[1] Please refer to Note 3 for details.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

5 EMPLOYEE RELATED COSTS

	2022 £'000	2021 £'000
Wages and salaries	197,009	178,887
Social security costs	25,799	23,168
Other pension costs	21,032	19,766
Total employee related costs	**243,840**	**221,821**

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

	2022 No.	2021 No.
Management	530	466
Underwriting and claims	3,177	3,229
Finance and administration	633	423
	4,340	**4,118**

6 FINANCE COSTS

	2022 £'000	2021 £'000
Interest expense on lease liabilities	329	336
Interest on loan	2,098	505
Total finance costs	**2,427**	**841**

7 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 (2021: £nil).

	2022 £'000	2021 £'000
Fees payable to the Company's auditors and associates	118	103

8 INCOME TAX

8.1 Income tax recognised in the Statement of Profit and Loss

	2022 £'000	2021 £'000
Current taxation		
UK corporation tax	4,037	1,560
UK corporation tax adjustment to prior periods	(537)	(3,012)
Total current tax	**3,500**	**(1,452)**
Deferred taxation		
Arising from origination and reversal of temporary differences	42	2,409
Arising from changes in tax rates and laws	(1)	9,025
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	2,021	2,163
Total deferred taxation	**2,062**	**13,597**
Total income tax expense recognised in the current year	**5,562**	**12,144**

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £'000	2021 £'000
Profit before tax from continuing operations	**18,100**	**18,055**
Income tax at standard rate	**3,439**	**3,430**
Increase/(decrease) in current tax from adjustment for prior periods	1,484	(849)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	551	551
Increase/(decrease) from transfer pricing adjustments	89	(12)
Deferred tax (credit)/expense relating to changes in tax rates or laws	(1)	9,024
Income tax charge recognised in profit and loss	**5,562**	**12,144**

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 INCOME TAX (CONTINUED)

8.2 Income tax recognised in other comprehensive expense

	2022 £'000	2021 £'000
Current tax		
Contributions made to pension obligation through other comprehensive income	(583)	(8,487)
Deferred tax		
Remeasurement of pension obligation through other comprehensive income	(10,892)	(475)
Total income tax recognised in other comprehensive income	**(11,475)**	**(8,962)**

8.3 Tax paid for cash flow purposes

	2022 £'000	2021 £'000
Current tax receivable at 1 January	(13,407)	(5,799)
Amounts charged to the statement of profit and loss	5,562	12,144
Movements in deferred tax asset in the other comprehensive income	(2,062)	(13,597)
Amount credited through other comprehensive income	(583)	(8,487)
R&D tax credit	(691)	-
Tax received during the year	13,881	2,332
Current tax payable (receivable) at 31 December	**2,700**	**(13,407)**

8.4 Current tax assets

	2022 £'000	2021 £'000
Current tax assets	-	13,407
Current tax liabilities	2,700	-

8 INCOME TAX (CONTINUED)

8.5 Deferred tax balances

(i) Deferred tax assets

	2022 £'000	2021 £'000
The balance comprises temporary differences attributable to:		
Defined benefit pension obligation ("DBO Pension")	13,595	2,703
Tax losses	-	1,099
Capital allowances	2,052	2,682
Provisions	43	27
Total deferred tax assets	**15,690**	**6,511**
Set-off deferred tax liabilities pursuant to set-off provisions	(13,595)	(2,702)
Net deferred tax assets	**2,095**	**3,809**

Movements	DBO pension £'000	Provisions £'000	Tax losses £'000	Pension spreading £'000	Capital allowances £'000	Total £'000
At 1 January 2021	2,228	-	3,063	2,660	2,272	10,223
(Charged)/credited to						
- profit or loss	-	27	(1,964)	(2,660)	410	(4,187)
- OCI	475	-	-	-	-	475
At 31 December 2021	**2,703**	**27**	**1,099**	**-**	**2,682**	**6,511**
(Charged)/credited to						
- profit or loss	-	16	(1,099)	-	(630)	(1,713)
- OCI	10,892	-	-	-	-	10,892
At 31 December 2022	**13,595**	**43**	**-**	**-**	**2,052**	**15,690**

(ii) Deferred tax liabilities

	2022 £'000	2021 £'000
The balance comprises temporary differences attributable to:		
Pension contributions	40,660	40,312
Total deferred tax liabilities	**40,660**	**40,312**
Set-off of deferred tax liabilities pursuant to set-off provisions	(13,595)	(2,702)
Net deferred tax liabilities	**27,065**	**37,610**

8 INCOME TAX (CONTINUED)

8.5 Deferred tax balances (continued)

Movements	Pension contributions £'000	Total £'000
At 1 January 2021	30,903	30,903
Charged to profit or loss	9,409	9,409
At 31 December 2021	**40,312**	**40,312**
Charged to profit or loss	348	348
At 31 December 2022	**40,660**	**40,660**

	2022 £'000	2021 £'000
Deferred tax asset	2,095	3,809
Deferred tax liability	(27,065)	(37,610)
Current deferred tax asset	43	1,125
Non-current deferred tax asset	2,052	2,684
Non-current deferred tax liability	(27,065)	(37,610)

The UK Government announced its intention in the budget of 3 March 2021 to legislate to increase the rate of corporation tax from 19.0% to 25.0% with effect from 1 April 2023. This legislation was substantively enacted on 24 May 2021.

9 DIRECTORS' EMOLUMENTS

The remuneration of F K Dyson, J A Harrison and C J Holmes is paid by the Company (2021: 3 directors). 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 and, therefore, identify the highest paid director.

Details of their remuneration has been set out below:

	2022 £	2021 £
Emoluments	3,465,102	2,323,958

Emoluments include £136,030 (2021: £438,507) of payments received following the exercise of Restricted Stock Units under the Equity Incentive Scheme of the Company's ultimate parent company, Allianz SE and payments of £120,288 received as Mid-Term bonus which is a 3 year deferred incentive plan and the cash awarded is subject to a multi-year sustainability assessment.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 INTANGIBLE ASSETS

	Total £'000
Cost	
At 1 January 2021	64,469
Additions	2,515
Disposals	(927)
At 31 December 2021	**66,057**
At 1 January 2022	66,057
Additions	3,095
Disposals	(2,804)
At 31 December 2022	**66,348**
Accumulated amortisation	
At 1 January 2021	40,519
Charge for year	6,942
Eliminated on disposal	(520)
At 31 December 2021	**46,941**
At 1 January 2022	46,941
Charge for year	6,822
Eliminated on disposal	(2,804)
At 31 December 2022	**50,959**
Carrying amount	
At 31 December 2021	**19,116**
At 31 December 2022	**15,389**

Assets under construction (£4,026k) are not amortised. Of the remaining carrying value, £5,701k has a remaining amortisation term of 4-5 years and £1,867k has a remaining amortisation term of 1-2 years.

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £'000	Equipment and motor vehicles £'000	Total £'000
Cost			
At 1 January 2021	-	891	891
Additions	1,738	-	1,738
Disposals	-	(231)	(231)
At 31 December 2021	**1,738**	**660**	**2,398**
At 1 January 2022	1,738	660	2,398
Additions	1,836	-	1,836
Disposals	-	(424)	(424)
At 31 December 2022	**3,574**	**236**	**3,810**
Accumulated depreciation			
At 1 January 2021	-	490	490
Charge for year	58	136	194
Eliminated on disposal	-	(190)	(190)
At 31 December 2021	**58**	**436**	**494**
At 1 January 2022	58	436	494
Charge for the year	456	85	541
Eliminated on disposal	-	(354)	(354)
At 31 December 2022	**514**	**167**	**681**
Carrying amount			
At 31 December 2021	**1,680**	**224**	**1,904**
At 31 December 2022	**3,060**	**69**	**3,129**

12 PENSION AND OTHER SCHEMES

The Company sponsors the following pension plans:

- The ARDBF - this is defined benefit only. It is operated jointly by the Company and a trustee board.
- A small unfunded top-up arrangement providing supplementary benefits to certain members of the ARDBF.
- A GPPP - this is defined contribution only. It is operated by Aviva.
- An unfunded post-retirement health care benefit.

12 PENSION AND OTHER SCHEMES (CONTINUED)

GPPP

The assets of the GPPP are held separately in independently administered funds.

The cost of providing benefits in the GPPP is determined as the contributions payable by the Company during the year, which was £21.0m (2021: £19.8m).

ARDBF

The ARDBF is a registered pension scheme under the provisions of Schedule 36 of the Finance Act 2004 and is a funded pension scheme providing benefits for some of its current and former employees with each member's pension at retirement based on pensionable service and final pensionable pay.

The ARDBF is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the ARDBF is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process, the Company must agree with the trustee board of the ARDBF the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The trustee board of the ARDBF is required by law to act in the best interests of members and is responsible for setting certain policies (e.g. investment and contribution policies). Contributions are currently paid to the ARDBF based on an actuarial valuation with an effective date of 31 March 2020. At that date, the market value of the assets in the ARDBF was £1.4bn. Based on the assumptions used for funding purposes, the value of the assets was sufficient at that date to cover 94% of the value of the benefits that members had accrued and so deficit contributions were agreed. The assumptions used are set out in the "Statement of Funding Principles" document agreed by the trustee board and Company. The key assumptions were:

- Investment return of 1.15% pa
- RPI inflation of 2.8% pa.

These assumptions used for funding purposes are different from those used for IAS19 purposes which are set out later in this disclosure. The actuarial assumptions used for IAS19 are ultimately the responsibility of the directors of the Company. IAS19 requires that, with the exception of the discount rate, the assumptions used should represent a best estimate of future experience within the plan.

Reflecting the overall funding level of the ARDBF at 31 March 2020, the trustee board and the Company agreed a recovery plan stating that an annual test early in each calendar year is to be completed. This test will determine whether future deficit contributions are paid to the ARDBF, or once the ARDBF is fully funded on the "Technical Provisions" basis, into an escrow account. The agreed recovery plan included Company deficit contributions of £44.4m paid no later than 31 March 2021 (which has been paid), £44.4m paid no later than 31 March 2022 (which has been paid) and £35.0m paid no later than 31 March 2023.

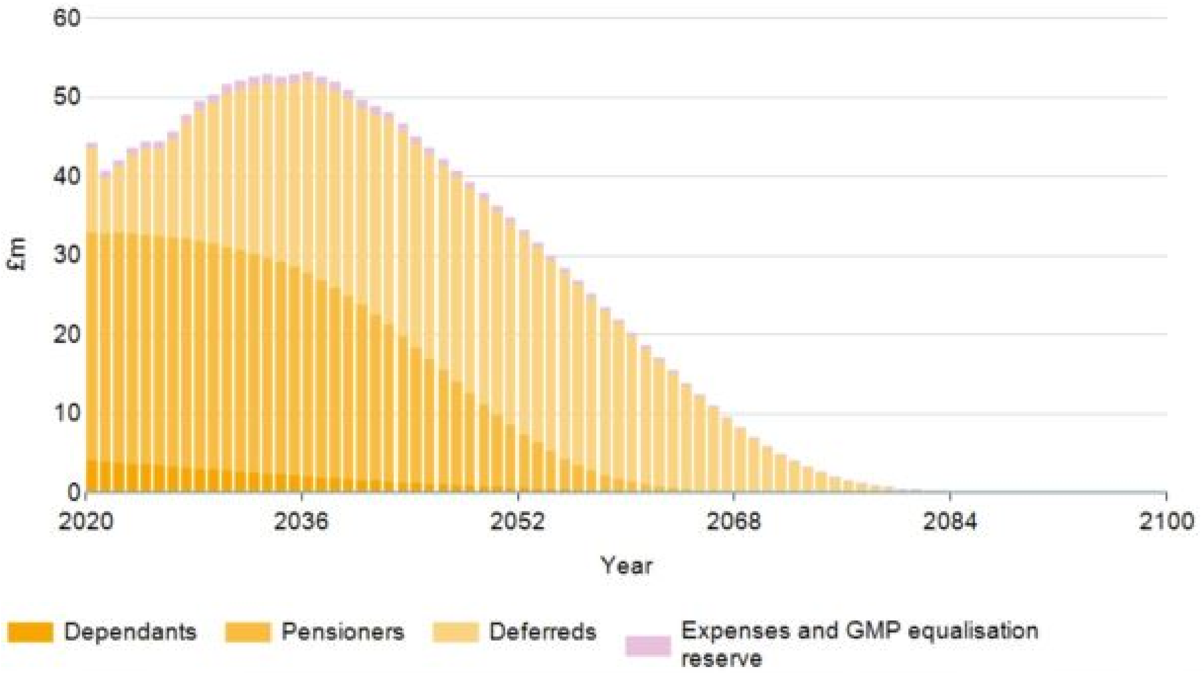
The total amount of Company contributions paid into the ARDBF during 2022 was £4.1m (2021: £44.4m) with the remaining £40.3m being paid into the escrow account. Company contributions to the ARDBF or escrow over 2023 are expected to be £35.0m (based on the current recovery plan).

An approximate split of the defined benefit obligation by member status is as follows:

Deferred members	46%
Pensioner members	54%
	100%

12 PENSION AND OTHER SCHEMES (CONTINUED)

The chart below illustrates the expected future cashflows for the ARDBF as at 31 March 2020:



Based on the Company's interpretation of the rules, any surplus is recognised on the Statement of Financial Position and there is no additional liability arising from a minimum funding requirement under IFRIC14. This is on the basis that:

- Under IFRIC14 paragraph 11, a refund is available to the Company if the entity has an unconditional right to a refund assuming gradual settlement of the fund liabilities over time until all members have left the fund. The Company's interpretation is that the Company does have such a right.
- IFRIC14 paragraph 12 clarifies that if the entity’s right to a refund of a surplus depends on the occurrence or non-occurrence of events not wholly within its control, the entity does not have an unconditional right and shall not recognise an asset. The Company has also had regard to a 2015 exposure draft of proposed amendments to IFRIC14 which suggested that if the trustee board of the fund have the power to wind up the fund, or augment benefits, without the company’s consent, then the Company would not have an unconditional right. The Company's view of the rules is that the trustee board of the ARDBF do not appear to have the power to wind-up the ARDBF or augment benefits without the Company's consent.

The assets of the ARDBF are held in separate trustee administered funds. In consultation with the Company, the trustee board periodically reviews the investment strategy of the ARDBF with the aim of meeting benefit payments as they fall due and maintaining the funding position at an appropriate level subject to an appropriate level of risk. These broad principles have led to the investment strategy below.

12 PENSION AND OTHER SCHEMES (CONTINUED)

The approximate split of the ARDBF invested assets, other than insurance policies which match member benefits, at the reporting date is as follows:

Growth assets	**24%**
UK Property	3%
Long Lease Property	10%
European Property	1%
Private Credit	10%
Matching Assets	**76%**
Gilts, index-linked gilts and repo (net)	44%
Corporate bonds	24%
Absolute return bonds	1%
Infrastructure debt	5%
Property debt	2%
Total	**100%**

A significant part of the assets of the ARDBF is invested so as to mitigate fluctuations in the ARDBF's funding levels due to changes in the value of the liabilities. This is primarily achieved through the use of 'liability driven investments' (''LDI''), whose main goal is to hedge movements in the liabilities caused by changes in interest rate and inflation expectations. Currently, the LDI portfolio hedges around 90% of the Fund's interest rate and inflation risk on a gilts +0.35% pa funding measure, as opposed to the IAS19 accounting measure. In addition to the above the ARDBF assets also include cash held in the trustee board's bank account.

The ARDBF's approach to LDI involves the use of fixed-interest government bonds, index-linked government bonds and government bond repos.

Currently, there is no use of derivatives (such as interest rate, inflation and longevity swaps) within the LDI portfolio. Given that the purpose of LDI is to hedge corresponding liability exposures, the main risk is that the investments held move differently to the liability exposures. This risk is managed by the trustee board, their advisers and the ARDBF's LDI manager, who periodically assess the position.

The liability figures in this disclosure also include figures in respect of a small unfunded post-retirement health care arrangement and a small unfunded top-up pension benefit arrangement provided to certain current and former senior employees, with a combined IAS19 defined benefit liability at 31 December 2022 of around £3.7m.

The ARDBF, unfunded post-retirement medical healthcare arrangement and unfunded top-up pension benefit arrangement expose the Company to a number of risks, albeit the partial pensioner buy-in removes these risks from the Company in respect of the members insured under the policy:

Risks

Uncertainty in benefit payments
The value of the Company liabilities for post-retirement benefits will ultimately depend on the amount of benefits paid out. This in turn will primarily depend on the level of inflation (for those benefits that are subject to some form of inflation protection) and how long individuals live. In particular, the impact of COVID-19 on future life expectancy remains uncertain.

Volatility in asset values
The Company is exposed to future movements in the values of assets held in the ARDBF to meet future benefit payments.

12 PENSION AND OTHER SCHEMES (CONTINUED)

Uncertainty in cash funding
Movements in the values of the obligations or assets may result in the Company being required to provide higher levels of cash funding, although changes in the level of cash required can often be spread over a number of years. In addition the Company is also exposed to adverse changes in pension regulation.

Assumptions

The following table sets out the key IAS19 assumptions used for the ARDBF, the unfunded post-retirement medical healthcare arrangement and the unfunded top-up pension benefit arrangement.

Assumptions	31 December 2022	31 December 2021	31 December 2020
Discount rate	4.8% pa	1.9% pa	1.3% pa
RPI inflation	3.3% pa	3.4% pa	2.9% pa
CPI inflation	2.8% pa	2.9% pa	2.3% pa
Life expectancy of male aged 60 at the balance sheet date	27.0 years	27.1 years	27.1 years
Life expectancy of male aged 60 at the balance sheet date plus 20 years	28.5 years	28.6 years	28.6 years
Life expectancy of female aged 60 at the balance sheet date	29.7 years	29.7 years	29.7 years
Life expectancy of female aged 60 at the balance sheet date plus 20 years	31.1 years	31.1 years	31.1 years

- Discount rate - In line with 31 December 2021, as at 31 December 2022 the Company continues to adopt the LCP Treasury Model to derive the discount rate.
- RPI inflation rate - The RPI inflation assumption is set by reference to swap market rates and reflects the duration of the pension liabilities. An inflation risk premium of 0.3% pa (in line with 31 December 2021) is deducted from the swap rate at 31 December 2022.
- CPI inflation rate - At 31 December 2022, the CPI inflation assumption was set as the RPI assumption less a wedge of 0.5% pa (in line with 31 December 2021). In line with last year, the assumption for CPI is based on a “wedge” between RPI and CPI inflation of 1.1% pa for the period up to 2030, and 0.1% pa for the period from 2030 onwards. This reflects the expectation that RPI will be aligned with CPIH from 2030. This gives a weighted average wedge assumption for all future terms of 0.5% pa.
- Life expectancies (for both male and female, current and future) - The Company has updated the mortality assumption as at 31 December 2022 to reflect the latest available industry wide data for future improvement projections. As part of this update, the Company has put no weighting on 2020 mortality experience (in line with 31 December 2021) but has allowed for some weighting in respect of 2021 mortality experience, to reflect evidence of the longer-term impacts of COVID-19. The updated mortality assumption leads to a decrease in the defined benefit obligations of approximately £6m.
- The commutation factors are updated by the trustee board each month. The impact of the change in the commutation factors in comparison to the commutation factors used as at 31 December, 2021 was a decrease in the defined benefit obligations of approximately £28m.

12 PENSION AND OTHER SCHEMES (CONTINUED)

Other IAS19 assumptions used include:

Assumptions	31 December 2022	31 December 2021	31 December 2020
Pension indexation in deferment (where indexed to RPI)	3.3% pa	3.4% pa	2.9% pa
Pension indexation in deferment (where indexed to CPI)	2.8% pa	2.9% pa	2.3% pa
Pension increases in payment (RPI, up to maximum of 5% pa)	3.1% pa	3.3% pa	2.8% pa
Pension increases in payment (RPI, minimum of 3% up to maximum of 4% pa)	3.5% pa	3.5% pa	3.4% pa
Pension increases in payment (RPI, minimum of 3% up to maximum of 5% pa)	3.7% pa	3.7% pa	3.6% pa
Pension increases in payment (CPI, up to a maximum of 5% pa)	2.7% pa	2.9% pa	2.3% pa
Pension increases in payment (CPI, up to a maximum of 2.5% pa)	2.0% pa	2.1% pa	1.8% pa
Pension increases in payment (CPI, up to a maximum of 3% pa)	2.2% pa	2.3% pa	2.0% pa
Real long-term healthcare inflation	3.0% pa in excess of long-term CPI	2.5% pa in excess of long-term RPI	2.5% pa in excess of long-term RPI

At 31 December 2022, the weighted average duration of the defined benefit obligation of the ARDBF was 13.3 years (2021: 16.4 years).

The Company made an allowance on the balance sheet to make provision for the estimated costs of removing Guaranteed Minimum Pension (“GMP”) inequalities as c.0.8% of total IAS19 liabilities, plus £1.0m in respect of historic individual transfer payments from the fund (where not already allowed for), consistent with the approach at 31 December 2021.

12 PENSION AND OTHER SCHEMES (CONTINUED)

The actual return on the ARDBF assets over the year was a loss of £464.7m (2021: gain of £29.6m). This takes into account the cashflows that occurred over the year. The current allocation of the ARDBF assets is as follows:

	2022 £'m	2021 £'m	2020 £'m
Assets with a quoted market price in an active market			
Debt instruments	268.9	651.9	1,221.0
Other	89.0	22.6	71.4
Sub-total	**357.9**	**674.5**	**1,292.4**
Assets without a quoted market price in an active market			
Debt instruments	89.0	102.7	104.2
Property	64.9	93.8	83.9
Insurance policy	388.4	543.1	-
Sub-total	**542.3**	**739.6**	**188.1**
Total	**900.2**	**1,414.1**	**1,480.5**

The assets include a pensioner buy-in insurance policy, covering part of the pensioner membership, which was purchased in November 2021.

None of the ARDBF assets are invested directly in the Company's own financial instruments or any property occupied by, or assets used by, the Company.

The Fund's assets without a quoted market price in an active market are valued in different ways, for instance, by discounting the asset's future expected cashflows at an appropriate discount rate in order to derive the present value and/or comparing the asset to similar assets where market prices are more readily available.

Some of the values of the Fund's assets as at 31 December 2022 were not available and so the value of these funds have been taken at the most recent available date and rolled forward, adjusting for distributions, capital calls and interest rates.

In respect of the ARDBF, the unfunded post-retirement medical healthcare arrangement and the unfunded top up pension benefit arrangement combined, the following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/(assets) and its components over 2021 and 2022.

	Defined benefit obligation		Fair value of scheme assets		Net benefit asset	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Balance at January 1	1,263.7	1,329.6	(1,414.1)	(1,480.5)	(150.4)	(150.9)
Included in profit or loss						
Interest cost /(income)	23.5	17.0	(26.5)	(19.4)	(3.0)	(2.4)
Total (income)/expense included in profit or loss	**23.5**	**17.0**	**(26.5)**	**(19.4)**	**(3.0)**	**(2.4)**

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 PENSION AND OTHER SCHEMES (CONTINUED)

	Defined benefit obligation		Fair value of scheme assets		Net benefit asset	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Included in OCI						
Re-measurement loss/(gain):						
Actuarial loss/(gain) arising from:						
- demographic assumptions[1]	(34.3)	(1.2)	-	-	(34.3)	(1.2)
- financial assumptions	(433.2)	(38.4)	-	-	(433.2)	(38.4)
- experience adjustments[2]	21.5	7.1	-	-	21.5	7.1
- Return on plan assets excluding interest income on assets	-	-	491.2	76.3	491.2	76.3
Total loss/(gain) included in OCI	**(446.0)**	**(32.5)**	**491.2**	**76.3**	**45.2**	**43.8**
Other						
Contributions by the employer	-	-	(4.4)	(44.7)	(4.4)	(44.7)
Benefits paid	(49.3)	(50.4)	49.3	50.4	-	-
Total other	**(49.3)**	**(50.4)**	**44.9**	**5.7**	**(4.4)**	**(44.7)**
Administration costs	**-**	**-**	**4.3**	**3.8**	**4.3**	**3.8**
Balance at 31 December	**791.9**	**1,263.7**	**(900.2)**	**(1,414.1)**	**(108.3)**	**(150.4)**
Represented by						
Net defined benefit asset					**(108.3)**	**(150.4)**

[1] Due to update in mortality assumption and change in the commutation factors set by the trustee of the ARDBF.
[2] Mainly due to pension increases being higher than the long-term assumption.

The following sensitivities have been calculated to show the movement in the defined benefit obligation (including both insured and the non-insured members) due to changes in assumptions, and assuming no other changes in market conditions at the accounting date and holding all other assumptions constant. In practice, a change in discount rate would also be expected to affect assets held by the ARDBF, partially offsetting the movements below. In particular, following the partial buy-in transaction completed in November 2021, the policy value will move exactly in line with the movements in the corresponding defined benefit obligation for members covered.

Increase/(decrease) in defined benefit obligation	Increase in assumption at 31 December 2022 £m	Decrease in assumption at 31 December 2022 £m
Discount rate (0.5% pa movement)	(48)	54
RPI and CPI inflation assumption (1% pa movement) [1]	77	(70)
Life expectancy (one-year movement)	31	(31)

[1] Including a consistent movement in the pension increase assumptions.

13 LEASES

Lease agreements where the Company is lessee

Right of use assets

	Property £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2021	35,505	6,923	42,428
Additions	3,683	3,448	7,131
At 31 December 2021	**39,188**	**10,371**	**49,559**
At 1 January 2022	39,188	10,371	49,559
Additions	2,671	4,119	6,790
Disposals	(2,969)	(368)	(3,337)
Modification to the lease	-	(5)	(5)
At 31 December 2022	**38,890**	**14,117**	**53,007**
Accumulated depreciation			
At 1 January 2021	11,688	540	12,228
Charge for year	4,965	3,329	8,294
At 31 December 2021	**16,653**	**3,869**	**20,522**
At 1 January 2022	16,653	3,869	20,522
Charge for the year	5,026	3,428	8,454
Eliminated on disposal	(1,299)	-	(1,299)
Modification to the lease	271	-	271
At 31 December 2022	**20,651**	**7,297**	**27,948**
Carrying amount			
At 31 December 2021	**22,535**	**6,502**	**29,037**
At 31 December 2022	**18,239**	**6,820**	**25,059**

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 LEASES (CONTINUED)

Lease agreements where the Company is lessee (continued)

Amounts recognised in Statement of Profit and Loss:

	Property		Motor vehicles		Total	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Depreciation expense on right of use assets	5,026	4,906	3,428	3,103	8,454	8,009
Interest expense on lease liabilities	300	318	29	17	329	335
Expenses relating to short term leases	372	188	-	-	372	188

At 31 December 2022, the Company is committed to £1,042k for short-term leases (2021: £1,000k). The total cash outflow for leases amounted to £8,544k for the year ended 31 December 2022 (2021: £8,593k).

Lease liabilities:

	Property		Motor vehicles		Total	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current	4,093	4,753	2,957	3,027	7,050	7,780
Non-current	13,312	16,473	3,718	3,336	17,030	19,809
Total lease liabilities	**17,405**	**21,226**	**6,675**	**6,363**	**24,080**	**27,589**

Maturity analysis – contractual undiscounted cash flows:

	Property		Motor vehicles		Total	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Year 1	4,391	4,753	2,977	3,027	7,368	7,780
Year 2	3,933	4,369	2,115	2,298	6,048	6,667
Year 3	3,833	3,911	1,288	1,304	5,121	5,215
Year 4	2,335	3,552	333	476	2,668	4,028
Year 5	1,625	1,788	-	5	1,625	1,793
Onwards	2,100	3,725	-	8	2,100	3,733
Total	**18,217**	**22,098**	**6,713**	**7,118**	**24,930**	**29,216**

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

14 TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Amounts due from related parties	40,973	29,674
Prepayments	2,463	2,518
Other receivables	22,297	6,084
Director's loan	-	22
	65,733	**38,298**

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

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

15 CASH AND CASH EQUIVALENTS

	2022 £'000	2021 £'000
Cash at bank and in hand	-	3,823
Restricted cash	40,250	-
Total cash and cash equivalents	**40,250**	**3,823**

The restricted cash balance is the escrow account linked to the ARDBF. The escrow account is considered short term, highly liquid and readily available cash. The funds can only be accessed with prior agreement of instruction provided to the custodian from both the authorised person of the company and an authorised person of the pension fund trustee.

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

16 LOANS AND BORROWINGS

	2022 £'000	2021 £'000
Current loans and borrowings		
Bank overdrafts	844	-
Total current loans in statement of cash flows	**844**	**-**

17 EQUITY

Allotted, called up and fully paid shares

	2022		2021	
	No.	**£**	**No.**	**£**
Ordinary Shares of £1 each	133,050,001	133,050,001	88,700,001	88,700,001

New shares allotted
During the year 44,350,000 new shares were issued, with a nominal value of £1.

18 TRADE AND OTHER PAYABLES

	2022 £'000	2021 £'000
Accruals and deferred income	3,032	8,901
Amounts due to related parties	14,721	2,721
Other payables	45,826	48,784
Total trade and other payables	**63,579**	**60,406**

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

19 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Dilapidation £'000
At 1 January 2021	4,184
Additions	419
Utilised in the year	(236)
At 31 December 2021	**4,367**
Additions	1,064
Utilised in the year	(561)
At 31 December 2022	**4,870**

	2022 £'000	2021 £'000
Current	246	700
Non-Current	4,624	3,667

19 PROVISIONS FOR OTHER LIABILITIES AND CHARGES (CONTINUED)

The Company leases operational properties located throughout Great Britain. Within most of the agreements is a condition requiring the Company to make restorations upon the termination of a lease. The dilapidation provision has been calculated as on a £ per square foot of floor area. Whilst the timing is at the end of the lease term, the amount settled is uncertain.

20 LOAN FROM RELATED PARTY

	2022 £'000	2021 £'000
Loan from related party	113,400	129,600
Total loans from related parties	**113,400**	**129,600**

Analysed as:	2022 £'000	2021 £'000
Current	16,200	16,200
Non-current	97,200	113,400

Amounts repayable to related party, Allianz Insurance plc ("AZI"), are to be repaid over 10 years, up to and including 30 September 2029 and carry interest at the Bank of England base rate plus 0.25%. The interest is payable quarterly and charged on the outstanding loan balance.

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

21 RISK MANAGEMENT POLICIES

21.1 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 2022 the Company had £23,380k (2021: £263k) of total capital employed.

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

21.2 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.

21.3 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.

Currency risk is the risk that fluctuations in exchange rates may lead to a material change in the value of currency denominated assets or liabilities. Currency risk is small but the Company is exposed to market risk due to invoices received in currencies other than British Pounds.

21 RISK MANAGEMENT POLICIES (CONTINUED)

21.3 Market risk (continued)

At 31 December, the largest currency exposures were:

	2022 £'000	2021 £'000
Euros		
Assets	8,341	1,951
Liabilities	10,317	2,943

The table below shows the sensitivity of the Company's profit or loss before tax and equity to changes in market risk factors.

	2022		2021	
	Profit/(loss) £'000	Equity £'000	Profit/(loss) £'000	Equity £'000
10% increase in Euro exchange rate	-	(198)	-	(99)
10% decrease in Euro exchange rate	-	198	-	99

21.4 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.

21.5 Liquidity risk

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

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

The Company considers the liquidity risk associated with the deferred tax liability to be low as this is only partially offset by a deferred tax asset and the Company has sufficient liquid assets to meet the remaining obligation as it falls due. The Company has a loan from a fellow Group Company, repayable over 10 years. The Company considers the liquidity risk of the loan to be low as the Company has sufficient liquid assets to meet the current liability as it falls due. The loan is guaranteed by Allianz SE as disclosed in note 20. The Company is exposed to liquidity risk associated with the trade and other payables and provisions for other liabilities and charges.

Although the Company does not have sufficient liquid assets to meet its liabilities, the Company is able to draw down from the liquid assets held elsewhere in the Group in order to meet its liabilities as they fall due. The Group has sufficient assets to meet the Company’s liabilities and therefore the Company deems the liquidity risk to be low.

The Company is also exposed to risk relating to the ARDBF pension fund; these risks are disclosed in note 12.

21 RISK MANAGEMENT POLICIES (CONTINUED)

21.5 Liquidity risk (continued)

The following table shows information about the estimated timing of the contractual undiscounted cash flows from the Company's financial liabilities. The analysis provided is by estimating timings of the amounts recognised in the Statement of Financial Position.

Maturity analysis for financial liabilities

2022 **Non-derivative liabilities**	**Carrying amount** **£'000**	**Less than 1 year** **£'000**	**1-2 years** **£'000**	**2 - 5 years** **£'000**	**5 - 10 years** **£'000**
Loan from related party	113,400	16,200	16,200	48,600	32,400

2021 **Non-derivative liabilities**	**Carrying amount** **£'000**	**Less than 1 year** **£'000**	**1 - 2 years** **£'000**	**2 - 5 years** **£'000**	**5 - 10 years** **£'000**
Loan from related party	129,600	16,200	16,200	48,600	48,600

22 PARENT AND ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Allianz Holdings plc, a company registered in the UK.

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

The most senior parent entity producing publicly available financial statements is Allianz SE. These financial statements are available upon request from their registered office address of Allianz SE, Königinstrasse 28, 80802 München, Germany.

23 RELATED PARTY TRANSACTIONS

Transactions with and balances from or to related parties

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

	2022 **£'000**	**2021** **£'000**
Provision of services	498,277	400,613
Interest on loan	2,098	505
Deficit funding contribution to the ARDBF	4,100	44,350
Loan repaid	16,200	16,200
Capital injection received	44,350	44,350
Lease payments	1,156	922
Director’s loan	-	(21)

23 RELATED PARTY TRANSACTIONS (CONTINUED)

	2022 £'000	2021 £'000
Loans from related party at 31 December		
Other related parties	113,400	129,600
Total	**113,400**	**129,600**

Amounts payable to AZI, are to be repaid over 10 years, up to and including 30 September 2029 and carry interest at the Bank of England base rate plus 0.25%. The interest is payable quarterly and charged on the outstanding loan 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 AZI.

	2022 £'000	2021 £'000
Due from related parties at 31 December		
Parent	24,192	18,545
Other related parties	16,781	11,107
Director's loan	-	22
Total	**40,973**	**29,674**

	2022 £'000	2021 £'000
Due to related parties at 31 December		
Other related parties	14,721	2,721
Total	**14,721**	**2,721**

The Company acts as a management services provider for the Group. The Company employs staff, acts as sponsoring employer for the ARDBF and incurs costs on behalf of Group entities which are subsequently re-charged across the Group. Management services are provided on a cost-plus basis, allowing a margin of 5% (2021: 5%).

The Company's pension fund obligations have been guaranteed by its immediate parent undertaking Allianz Holdings plc.

Key management personnel

The key management personnel of the Company include all Directors. The summary of compensation for key management personnel for the year is as follows:

	2022 £'000	2021 £'000
Short-term employee benefits	3,209	1,885
Long-term employee benefits	120	-
Share-based payment	136	439
Total key management personnel	**3,465**	**2,324**

24 SHARE-BASED PAYMENTS

Allianz SE Equity Incentive scheme

Members of the AZH Executive Committee and other executives participate in the Allianz SE Equity Incentive scheme. The Company, alongside LVGIG are the employing entities for the Group. The scheme comprises Restricted Stock Units ("RSUs").

RSUs constitute the right to receive the value of an Allianz SE share equivalent to the stock market price at the time of exercise. RSUs are subject to a vesting period of four years and Allianz SE exercises them uniformly for all participants.

The RSUs are virtual stocks without dividend payments and with a capped payout. The fair value is calculated by subtracting the net present value of expected future dividend payments until maturity as well as the fair value of the cap from the prevailing share price as of the valuation date. The cap is valued as a European short call option, using prevailing market data as of the valuation date. The fair value of the RSUs is expensed over the respective vesting periods.

The fair value is remeasured at each reporting period. The amount charged to the Statement of Profit and Loss was £3,550k (2021: £2,943k). The liability recorded in the financial statements in respect of the RSUs as at 31 December 2022 was £8,933k (2021: £6,071k).

RSUs are allocated annually. The number of RSUs allocated to an individual is based upon a combination of Allianz SE performance against Plan, Group performance against Plan and individual performance against predefined targets, the same rules that apply throughout the Allianz SE Group. During 2022, RSUs were allocated to members of the AZH Exco and other executives.

RSU plan awards granted, forfeited and exercised as of 31 December 2022.

Grant Date	Vesting period years	RSUs granted	RSUs forfeited	RSUs exercised	RSUs transferred in
March 2018	4	8,129	438	7,869	178
March 2019	4	13,925	370	-	395
March 2020	4	10,767	287	-	674
March 2021	4	26,216	246	-	251
March 2022	4	36,903	-	-	680

Employee Share Purchase Plan ("ESPP")

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

As such, this transaction is a cash-settled share based payment and the vesting period has been completed by 31 December 2022. The total expense recognised in the year was £536k (2021:£656k) and the corresponding provision held at year end is £87k (2021: £160k).

25 DIVIDENDS

No interim dividend was paid during the year ended 31 December 2022 (2021: £nil). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: £nil).

26 SUBSEQUENT EVENTS

At the time these financial statements are authorised, the Company has received an injection of £35,000k share capital from its parent entity, AZH. The proceeds were used to meet the agreed pension deficit funding commitment under the agreed recovery plan.