Registered number: 04332926

Annual Report and Financial Statements 2022

Liverpool Victoria General Insurance Group Limited

Contents

Company Information

Directors	C W T Dinesen (resigned 10 April 2023)
	F K Dyson (resigned 29 May 2023)
	P J Evans
	C J Holmes (appointed 22 February 2022)
	D J Larnder
	S C McGinn (appointed 22 February 2022 and resigned 30 April 2023)
	R M Murison (resigned 25 September 2022)
	T Robson-Capps (appointed 13 April 2022)
	D A Torrance
	C G Townsend
	S Treloar
	J R Vazquez (appointed 1 June 2022)
	The following director was appointed after the year end:
	U Lange (appointed 30 May 2023)
Company secretary	C M Twemlow
Registered office	57 Ladymead Guildford Surrey GU1 1DB
Registered number	04332926
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

Liverpool Victoria General Insurance Group Limited ("LVGIG" "the Company") is a wholly owned subsidiary within the Allianz Holdings plc ("AZH") group of companies ("The Group") which is one of the largest general insurers in the United Kingdom measured by gross written premium. The Company is the intermediate holding company for a group of companies ("LVGIG Group"), the principal purpose of which is to carry on general insurance business through both the direct and broker distribution channels. LVGIG also acts as one of the Group's management services companies. The primary sources of income for the Company arise from management charges as well as dividend income from subsidiary undertakings in the LVGIG Group.

Business review

The results for the year are set out in the Statement of Comprehensive Income on page 28. The profit after tax for the year amounted to £61,281k (2021: £158,206k). The reduction in the profit before tax in the year was a result of a decrease in dividend income earned by the Company in addition to an impairment in group undertakings of £1,059k. Please see note 13 for further information.

During 2021, the Group was restructured to create two trading divisions, Allianz Personal and Allianz Commercial, supported by the integrated shared services of Finance, Risk and HR. This structure aligns with the distinct needs of our individual customer groups and gives more scope to benefit from shared knowledge and scale whilst simplifying our business and enabling a focus on specific segments. The products sold by the Company fall within the scope of the Allianz Personal wider division. This division includes Speciality products such as Animal Health and musical instruments.

Key performance indicators

The financial key performance indicators monitored by the Company are profit before tax and net asset value. The profit before tax for the year amounted to £64,021k (2021: £164,046k), and net assets were £951,655k (2021: £955,374k).

A number of non-financial key performance indicators relating to employees, energy consumption and corporate social responsibility are monitored. The Annual Engagement Survey (''AES'') is a valuable feedback platform and an indicator of our corporate culture. Employee engagement and company culture are measured 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.

LVGIG's key non-financial performance indicators during the year were as follows:

Employees

	2022 **%**	**2021** **%**
AES results:		
IMIX	84.0	83.0
WWI+	77.0	75.0
Diversity (females in management positions)	33.0	32.0

Net Promoter Score ("NPS")

Net Promoter Score performance - LVGIG:
- Achievement: Achieved Loyalty Leader in 2022.
- Target: Maintain Loyalty Leader in 2023.

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 resource. No control over the supplier, 99.6% from renewable resources	**Target:** 100% renewable energy across all sites by 2023

The targets disclosed above have been set for 2020-25. The baseline was 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.

The KPIs listed above have changed from prior year to reflect alignment with the financial statements of other similar entities within the AZH Group.

Corporate social responsibility

The LVGIG Group takes its culture beyond the realms of its organisation by going out into the communities that it serves and is a part of, putting its heart into helping people build better lives.

The LVGIG Group is proud to partner with Family Action who have been building stronger families since 1869, and today work with over 60,000 families through over 160 community-based services.

The three-year partnership with Family Action which commenced in 2021 supports the charity’s work transforming the lives of families facing difficulties across the UK. This is achieved through fundraising and donations of £1 million over the course of the partnership to support and encourage people to talk about their family pressures and reach out to their key service, FamilyLine if they are struggling. Family Action’s national helpline, FamilyLine supports adult family members via telephone, text, email and web chat. FamilyLine are there to provide a listening ear, answer particular parenting questions or help with guidance around more complex issues. Through a network of 60 volunteers, FamilyLine receives over 10,000 contacts a year through telephone calls, email, web chat and text message.

The support provided so far has enabled FamilyLine to cope with a 30% increase in contacts between 2020 to 2022, increase the number of volunteer counsellors from 2 to 18, and significantly reduce waiting times for the befriending service, and people are able to access almost immediate support.

In addition, LVGIG employees and supplier partners supported the Family Action 2022, ‘Make theirs magic’ initiative by donating 1100 toys and games to 16 service centres for children to receive a gift for Christmas where they may ordinarily have gone without.

The partnership goes beyond simply donating and fundraising and this was recognised with a highly commended award at the Corporate National Partner Champion category at the Charity Times Awards 2022.

LVGIG undertakes its own initiatives in its communities, which complement the activities of the Group. LVGIG’s partnership with the England and Wales Cricket Board ("ECB") provides financial support through #Funds4Runs to help local clubs and communities get back on their feet and support some of the ECB’s priorities – promoting ethnic diversity, cricket for women and people with disabilities, as well as grassroots cricket. During 2022, the Group committed to donating £100,000 for this programme. In addition, charity and community groups run by employees in each of its regional offices supported local community initiatives through fundraising, grants and volunteering events.

Each of the LVGIG offices have a regional charity committee where employees work together to support local and national charity and community events and activities. Through their involvement, the Company has raised over £60k and volunteered 2400 hours to local initiatives.

Strategic Report for the Year Ended 31 December 2022

Principal risks and uncertainties
The principal risk facing the Company is the performance of its subsidiary undertakings, as referenced in note 13.

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
We are confident in the Company's ability to continue as a going concern, as the Company continues to provide management services to the Group companies and receive dividend income from its direct subsidiary undertakings. The business is well placed in managing the principal risks and uncertainties, has a good financial and sound capital position and is owned by one of the largest property and casualty insurers in the world. The Company is a holding company and a management service company for regulated insurance entities that have solid solvency positions, generating a dividend stream which flows to the Company and where there is a reasonable expectation that dividends will continue to be generated in future.

Section 172 (1) Companies Act 2006 Statement

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

This statement sets out how the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duties. The Directors 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 Board is collectively responsible for the long-term success of the Company. The Board is responsible for setting the Company's strategic aims and ensuring that the necessary resources are in place to meet its objectives. The Board sets the Company's purpose, strategy, culture, values and standards and ensures that its obligations to stakeholders and others, as well as other matters set out under section 172 of the Companies Act 2006, are considered when taking decisions and in its discussions.

The Board of the Company meets at least quarterly alongside the Board of Directors of its immediate shareholder, AZH, and the Boards of Directors of other key regulated entities and holding companies within the Group (collectively, the "Boards"). The Boards have adopted the same terms of reference by which they operate, and the Directors of the Boards are the same. The governance framework applied to the key regulated entities and holding companies within the Group and the combined approach to governance, ensures that the Company's Board also has regard to the overall strategy, interests and direction of the Group as a whole, when taking decisions and in its discussions. This includes considering the impact on the broader stakeholders of the Group, the environment in which the Company and the Group operate and the long term success of the Company and the Group as a whole.

The Board receives information from across the business in the form of Board reports and presentations when making decisions and these reports include information about how stakeholder interests have been considered. Information is also presented, where relevant, regarding any impact on the Company's or Group's reputation, impact on the environment or on the communities in which the Company or Group operate and other matters set out in section 172 of the Companies Act 2006.

The Board has undertaken a review of its effectiveness during the year and is in the process of implementing actions to further improve Board governance arrangements. An external review of the governance was undertaken in 2023, and its outcome has been shared with the Board and resulting actions for improvement will be reported back to it at quarterly meetings. Further information on the review is set out in the Corporate Governance report on page 13.

Stakeholder engagement

This section of the Company's report explains the Company's engagement activities in relation to the Group's customers, suppliers, employees, regulators, shareholder and other stakeholders relevant to the Company.

The Board and individual Directors engage with some stakeholders directly on specific issues which are relevant to the Company. However, due to the size of the Group and how it operates, stakeholder engagement more regularly takes place at an operational level. This allows the Group to be responsive to stakeholder needs. As described above, the Company's Board receives reports when making decisions or where matters are escalated and these reports include information about how stakeholder interests have been considered. The reporting templates for the Board include consideration around stakeholder engagement. This provides the Board with an overview of stakeholder interests when making decisions even where they have not engaged directly with those stakeholders themselves.

Customers

Customer centricity is fundamental to the business strategy of "putting our people first and our customers at the heart of what we do".

Strategic Report for the Year Ended 31 December 2022

The Group is committed to ensuring good outcomes for its customers. Customer centricity is fundamental to the Company's growth and development and is one of five important themes underpinning the Allianz SE ("Allianz") business strategy which the Group and the Company have adopted. This is further explained in the Corporate Governance report within the Director's Report on page 13. The Group's focus is on maintaining high levels of service and supporting our customers. Throughout 2022, as the country recovered from the effects of the pandemic and faced a cost of living crisis, the Company and the Group's employees continued to support the Group's customers, suppliers and communities through what continues to be a difficult time for many.

A key method of engaging with our customers across Allianz's businesses and ensuring that a customer-centric culture is embedded is the Net Promoter Score ("NPS"). The NPS is explained above under Key Performance Indicators on page 2. Feedback is sought and Allianz's performance across different brands is benchmarked against competitors. The NPS results are a KPI for the Company and the results are shared with the Board so this information can be considered when making decisions. Both the LV and Pet Plan brands are considered loyalty leaders with scores ahead of peers.

In addition, on a day to day basis the Group's customer facing people engage and foster relationships with our brokers and customers directly. Direct and indirect feedback received from customers is collated and reviewed, together with other data such as complaints and number of complaints referred to and upheld by the Financial Ombudsman Service. This information is fed back to the Customer & Conduct Committee of the Board for its consideration.

The Customer & Conduct Committee is responsible for overseeing customer conduct matters for the Group and its subsidiaries. The Customer & Conduct Committee receives reports on a variety of matters including reports from the business, including customer dashboards, metrics which help it to understand the customer experience and vulnerable customers' information. The Customer & Conduct Committee has considered a number of topics and projects during the year, focusing on the customer impacts and journey and ensuring that customers are put first. The Customer & Conduct Committee reports into the Boards, ensuring that the Directors have sight of customer engagement metrics to factor into decision making and ensuring good outcomes for customers. During the year, the Board approved the Consumer Duty implementation plan and performance against the plan is reported to the Customer & Conduct Committee.

Having engaged an independent third party during 2021 to undertake a review of culture across the Group, including, amongst other things, how the culture supports the delivery of good customer outcomes. The Boards reviewed the findings and actions were put in place to ensure it continues to receive relevant and useful information in relation to culture. As a result, a comprehensive new culture dashboard and scorecard were implemented in 2022 to help the Boards better monitor culture, including metrics to measure customer outcomes. A common set of values has been agreed by the Boards and the rollout of these has commenced, supporting the development of a customer-centric culture.

Employees

During the year the Allianz Management Services Limited ("AMSL"), a subsidiary of AZH, provided administration services and staff to the Company and to other Group companies. LVGIG and AMSL have a high level of resources, including employees, and expertise which benefit the Company and the Group. Employee engagement is led by the Chief Human Resources Officer of the Group, with the Human Resources team working across the Group. The approach taken across the Group to employee engagement is explained below; however, there are some variances in methods used across Allianz Commercial and Allianz Personal, where appropriate or required.

Engaged people are key to the success of the business, not only do they create positive experiences for our customers and colleagues but they help our business thrive. Each year we invite our people to complete a confidential survey to provide feedback. It remains a key priority to ensure that employees are fully engaged as Allianz continues to develop during 2023.

Throughout 2022 there have been regular town halls with other senior executives (including the CEO of Allianz Personal) invited to join the AZH CEO to discuss important topics and answer questions raised by employees. The Allianz Personal Executive Committee conducts monthly webinars with the leadership team to share the Allianz Personal strategy and to provide updates on particular topical items of interest. Each year there are a number of leadership conference meetings to further share important messages and facilitate discussion and debate. These messages are then cascaded throughout the organisation. There are regular 'employee broadcast calls' for employees working within that business (including central services) led by the Allianz Commercial Executive Committee members, where employees are encouraged to ask questions directly to key speakers.

Strategic Report for the Year Ended 31 December 2022

New ’ways of working’, including hybrid working, have provided opportunities for more engagement between the Board, including the non-executive Directors, and employees, with on-site days being scheduled at different office locations in the UK to facilitate more engagement.

The Group seeks feedback and measures the engagement of employees in a variety of ways. Engagement methods include the AES and additional ‘pulse’ surveys sent to employees on various topics, townhall presentations (which have been virtual following the impact of COVID-19) and newsletters via the employee intranets. In 2022, the AES continued to provide a valuable employee feedback platform and remains an important indicator of the Group’s corporate culture and employee engagement. The AES results include the Inclusive Meritocracy Index which covers aspects of leadership, performance, collaboration, trust and respect, and is derived from the responses to a specific set of questions in the annual AES. A Work Well Index plus is also used to measure the quality of the work environment, practices and opportunities.

‘Inclusive Meritocracy’ describes the Group’s target culture. This is underpinned by four People Attributes with underlying target behaviours, helping employees understand what is expected of them.

The AES results are collated to give a Group-wide result and are also broken down by division and team. Action plans are then developed based on the feedback received within teams. The results of the survey are directly linked to the performance objectives of the Allianz Holdings plc Executive Committee and key leaders within the Group. This approach ensures that employee sentiment and impact on the workforce are carefully considered by the leadership team when making decisions. In 2022, Allianz Holdings Plc ranked 14th in the Inclusive Top 50 UK Employers 2022/23 list. Also during the year, LVGIG received a silver award from Stonewall's Workplace Equality Index, for its commitment and efforts to become an LGBTQ+ employer. Stonewall is the world's second-largest LGBTQ+ charity.

Having a strong focus on Diversity and Inclusion enables our organisation to better understand the customers we serve and our people. The Group has a clear Diversity and Inclusion strategy, which covers ’our people’, ‘our customers’ and ‘our brand and reputation’. In 2022, Allianz embarked on several initiatives in support of its aim to foster an inclusive environment where a valued and diverse workforce can be heard, contribute, grow and feel a sense of belonging.

Allianz understands the importance of continuing to have flexible working options available to all of its employees, as they adapt to new work-life balances. To make sure that the Group and Allianz SE Group are evolving their approach and to keep encouraging talent to join the business, a working group has been set up to foster a flexible working culture. The aim is to encourage more uptake in flexible working options, especially amongst men who currently only make up a small proportion of those benefiting from flexible working patterns.

The Board has considered the impact of the global uncertainty arising from the aftermath of the pandemic and the Russian invasion of Ukraine on the Group’s employees which has informed its decisions. Allianz engages regularly with Unite, a trade union for some staff within the Group, which exists to protect and improve employee interests. Discussions with Unite are escalated to the Board and its committees as appropriate.

We are committed to making sure our people are rewarded fairly through regular review of pay levels to ensure they are competitive with market rates. Allianz pays all its employees at least the Living Wage Foundation rates of pay. In addition to basic pay, our people participate in an incentive scheme which is structured around both individual and business performance. LVGIG employees automatically become members of the money purchase pension scheme, My LVGIG Savings Plan, when they start working for us. Allianz understands that the needs of its people are different, so through a flexible benefits platform we give our people the opportunity to select the benefits most suited to their individual needs and lifestyles.

With a number of initiatives already in place through our wellbeing support programme, in 2022 there has been an increase in the number of Mental Health First Aiders to provide in person or virtual assistance to all employees on a confidential basis in their time of need to prevent as well as react to situations. For 2023 a new benefit called ‘Gym Pass’ has been introduced offering employees access to Meditation, Financial Wellbeing, Budgeting and Lifestyle apps free of charge with the option to upgrade to discounted gym membership and premium wellbeing support.

Suppliers
Significant Group supplier contracts, either strategic or by reason of size and significance, which are relevant to the Company, are considered by the Boards following engagement between procurement and business teams, supported by senior management where appropriate. In 2022, significant supplier contracts, supported by summary documents, were provided to the 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 Boards 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 Prudential Regulation Authority's ("PRA") 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 Boards 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 have enabled the organisation to manage costs, mitigate risk, and work collaboratively to support strategic organisational objectives.

Regulators
While the Company itself is not regulated, its principal subsidiaries are authorised and regulated by the Financial Conduct Authority ("FCA") and the PRA. Maintaining a good relationship with the Company's regulators is a priority for the Group and the Board and regulatory considerations are given close scrutiny when making decisions.

Shareholder
The Company has regard to the interests of its immediate shareholder, AZH and the wider Allianz SE Group when making decisions. The Company's strategy is aligned with the Group's strategy and the Allianz SE strategy. Allianz SE nominate a non-executive Director to the Board of the Company. In 2022, the Board received regular updates from the Allianz SE Group on key matters being considered within the wider group. Shareholder views have been factored into various decisions made by the Board during the year including those on strategy, budget, investments, distributions and Board appointments.

Community and the environment
An Environmental, Social and Governance ("ESG") strategy ensures Allianz is a leader in sustainability, a responsible and trusted business, and a committed corporate citizen. Allianz focuses on promoting the transition to a low-carbon economy, social inclusion and ensuring the integration of ESG into all aspects of Allianz's businesses. Allianz, including the Company, has undertaken its own initiatives during the year in the area of ESG. The Board has also reviewed the ESG strategy, analysing the Global Allianz strategy in relation to ESG and reviewing how that strategy is implemented in the UK. Allianz is fully committed to ESG principles and consideration of its impact in these areas is an important part of Company and Group discussions.

The Group participated in an activity coordinated by the Allianz SE Group to help Ukraine including making a global corporate donation to the German Red Cross, supporting employees who were hosting Ukrainian families and offering temporary car insurance. Employees also took part in a global initiative, the Allianz World Run, which donated to the German Red Cross.

Allianz undertakes some initiatives in its communities, which complement the activities of the Group. Allianz's partnership with the ECB is further detailed on page 3.

During the year, the Board considered the ESG 2025 plan and 2022 objectives for each area working on ESG including the opportunities and risks climate change poses.

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.

The Board continues to review its processes to ensure that a formal analysis is carried out of how the significant decisions that it is required to approve will impact the Company's key stakeholder groups.

During the year the Directors took the following principal decisions:

Dividend

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

Stakeholders*: Shareholders, customers, regulators*

In May 2022 the Board recommended the payment of an interim dividend of £65m to its sole shareholder, AZH. In approving the payment of the interim dividend, the Directors considered the impact on the Company and the views of its stakeholders. Amongst other things, the Directors considered the needs and views of the Company's shareholder and its ultimate parent company, Allianz SE, who require dividends to be paid to ensure the long-term success and viability of the Allianz SE Group as a whole. The Board noted that the distribution was subject to prior receipt of dividends from its subsidiaries Liverpool Victoria Insurance Company Limited and Fairmead Insurance Limited. Although LVGIG is not a regulated entity, the Board also took into account the regulatory environment and considered the views of the Group's regulators in paying dividends as the dividend flowing through the Group structure impacted regulated entities. To ensure the dividend was prudent from a regulatory perspective, the Boards reviewed analysis and stress tests produced by the Risk function as well as assessing the solvency ratios post dividend-payment of the relevant Group companies. The interests of wider stakeholders of the Group such as customers and policyholders were also considered. These stakeholders need the Company and the Group as a whole to maintain a reputation for high standards in decision making and to hold sufficient capital to meet the Group's requirements to them in the long- term. After considering these factors, together with other considerations when paying a dividend, the Directors' concluded that the payment of the interim dividend would promote the success of the Company for the benefit of its members.

System of Governance Annual Review

Section 172 considerations: *maintaining a reputation for high standards, long term consequences of decisions.*

Stakeholders*: Customers, regulators, shareholders*

During the year, the Board (together with the Board of AZH and a number of other key Group entities) approved a review of the System of Governance ("Review"). The System of Governance is designed to ensure that the Group has sound and prudent management of its business and is based not only on UK and EU regulatory requirements, but is necessary to ensure that its business and risk profile aligns with the Allianz SE Group. The Review was considered by the AZH Executive Committee and Risk Committee before receiving Board approval and involved approval of a Statement of Accountability to confirm an effective system of governance with all necessary processes and controls remaining in place. The Review set out its findings for consideration by the Board and introduced activities for 2022 to further strengthen the Group's governance framework. The Review was considered a key decision in light of the Board's duty to ensure the Company maintains a reputation for high standards of business conduct and assure the Allianz SE Group that the Company and the Group has a sound and prudent system of governance. In overseeing this important matter, the Board had regard to the requirements of the Company's regulators and interests of the shareholder as well as the potential long term consequences of any decisions made.

Strategic Report for the Year Ended 31 December 2022

Culture Dashboard

Section 172 considerations: *maintaining a reputation for high standards, consequences of decisions in the long term, interests of employees, the impact of operations fostering relationships with customers and suppliers.*

Stakeholders*: Customers, regulators, employees*

During the year, the Board received regular updates on performance against the culture action plan including development of the culture dashboard. Culture remains an essential component which underpins how Allianz operates and encompasses a broad range of topics affecting most key stakeholder groups. It is recognised by the regulator that a healthy culture is essential to consumer protection and well-functioning markets. The Board considers it an essential element to defining the Company’s purpose, strategy and expectations for employees. A new culture dashboard was rolled out in 2022 as a key deliverable within the culture action plan which encompassed a range of cross-functional projects and actions for embedding good customer outcomes on performance, reward and talent management policies across the Group. The new culture dashboard was first considered by the Board in May 2022 and has been further developed throughout the year striving to build a consistent view of measures against four drivers of culture identified by the FCA namely purpose, governance, people policies and leadership, to support the delivery across the business of good customer outcomes. The dashboard aims at presenting a trend view of key metrics for the business, which is an aggregated view of a number of sub-component metrics and provides the Board with visibility and understanding of the culture within Allianz and any changes. The Board has oversight of and reviews progress made under the culture action plan, including the culture dashboard, underpinning its duty to foster good customer outcomes, to consider the interests of employees and to maintain a reputation for high standards of business conduct.

The Company has reported against The Wates Corporate Governance Principles for Large Private Companies which contains further information regarding the governance of the Company, how the Board makes decisions for the long-term success of the Company and its stakeholders. The Corporate Governance Report can be found on pages 13 to 22.

On behalf of the Board

U Lange
Director

22 June 2023

Directors' Report for the Year Ended 31 December 2022

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

As permitted by section 414C (11) of the Companies Act 2006, certain information is not included in the Directors' Report because it has instead been shown in the Strategic Report. This information is:

- Customers, suppliers and others statement;
- Results for the year;
- Principal activities of the Company; and
- Business review and Future prospects.

Stakeholder engagement
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 on the principal decisions taken by the Company's Board is contained in the section 172 statement on page 5 to page 10 of the Strategic Report.

Directors
The directors, who held office during the year and up to the date of signing this report, are as follows:

C W T Dinesen (resigned 10 April 2023)

F K Dyson (resigned 29 May 2023)

P J Evans

C J Holmes (appointed 22 February 2022)

D J Larnder

S C McGinn (appointed 22 February 2022 and resigned 30 April 2023)

R M Murison (resigned 25 September 2022)

T Robson-Capps (appointed 13 April 2022)

D A Torrance

C G Townsend

S Treloar

J R Vazquez (appointed 1 June 2022)

The following director was appointed after the year end:

U Lange (appointed 30 May 2023)

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

An interim dividend of £65,000k was paid for the year ended 31 December 2022 (2021: £164,000k). The Directors do not recommend the payment of a final 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 are committed to creating an environment where people can succeed regardless of gender, age, race, disability, religion, sexual orientation or other protected characteristics. We champion environments where we celebrate inclusion.

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.

Allianz and the Company 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 and the Women in Finance 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 UK 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 through 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 the recognised trade union, the Company 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 6 of the Strategic Report.

Streamlined Energy and Carbon Reporting (“SECR”)

The Company fulfils the statutory requirements for SECR which includes disclosure relating to carbon emissions. Under the Companies Act 2006 and SECR Regulations, ‘Large’ companies’ are required to report their annual emissions in their Directors’ report. It should be noted that the information disclosed relates to several entities within the LVGIG Group as this is the lowest level of granularity for which the data is collected. Information relating to the Company alone is not available and appropriate disclosure has been made by all Companies meeting the reporting requirement.

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).

Directors' Report for the Year Ended 31 December 2022

'Location based' Method

The total energy consumption for 2022 was 5,934,775.67 kWh (2021: 7,558,823.81 kWh) equating to 1,209.792 tCO2e (2021: 1,626.702 tCO2e).

Carbon intensity: Emissions of tCO2e/full-time equivalent during 2022 was 0.319 tCO2e (2021: 0.393 tCO2e)

However, the Company's strategy has been to purchase renewable energy backed by Renewable Electricity Guarantees of Origin ("REGO") certificates. Through this strategy, within the above 2022 total energy consumption, the Company has sourced a total of 3,026,983.46 kWh (2021: 2,787,226.73 kWh) of REGO backed (zero emission) electricity equating to 100% (2021: 83.58%) of total electricity use.

'Market Based' Method

The total energy consumption for 2022 was 5,934,775.67 kWh (2021: 7,558,823.81 kWh) equating to 601.709 tCO2e (2021: 1,064.100 tCO2e).

Carbon intensity: Emissions of tCO2e/full-time equivalent during 2022 was 0.159 tCO2e (2021: 0.257 tCO2e).

Energy Efficiency actions taken during 2022:

- In the Bournemouth site the final meeting & training rooms across Frizzell House had LED's installed which means all of LVGIGs space now has LED lighting.

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 Based 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 December 31, 2022 the Company applied the Wates Corporate Governance Principles for Large Private Companies ("Wates Principles") to its business and this report sets out how the Wates Principles were applied.

The Company is a wholly owned subsidiary of AZH and is the intermediate holding company for the LVGIG Group.

The Company's Board meets alongside the Board of Directors of other key regulated entities and holding companies within the Group (collectively, the "Boards"), which are comprised of the same Directors and these Boards apply the same group governance structure as detailed in the Section 172 Statement on page 5. This governance framework ensures that the Company's Board also has regard to the overall strategy, interests and direction of the Group as a whole, when taking decisions and in its discussions. This includes considering the impact on the broader stakeholders of the Group, the environment in which the Company and the Group operate, its purpose and the long-term success of the Company and the Group as a whole.

Principle One – Purpose and Leadership

Purpose and Strategy

The vision in relation to the Company's business (as part of Allianz Personal) is building Britain's best businesses. This vision is aligned with the Group who have the ambition to be the best loved and most recommended by customers and partners, to attract and retain the best people and consistently exceed target returns and be recognised as leading the industry in its approach to ESG. This strategy is achieved through people centricity (putting our people first), maintaining customer satisfaction and retention rates, and growth through outperformance in our chosen markets across the businesses of the Company and its subsidiaries. The strategy is in harmony with and complements the purpose and strategy of the Group which is committed to the wider Allianz SE group's purpose of "We secure your future" and business strategy of "Simplicity at Scale". The key strategic objectives of the Allianz SE Group's strategy are to "Outperform, Transform and Rebalance" and are underpinned by the Renewal Agenda which comprises five important themes of customer centricity, technical excellence, digital by default, growth engines and inclusive meritocracy. The Company aims to deliver attractive and consistent returns to its immediate shareholder and consequently to the Group and Allianz SE Group.

Directors' Report for the Year Ended 31 December 2022

Customers are at the heart of all businesses within the Group. A customer-centric culture is embedded in the Company's business, underpinned by the purpose "Helping you look after what you love". Benchmarking is undertaken against best in class to continually improve the customer experience and leverage learning from other parts of the Group's business. The business is also investing in transforming its IT and digital capabilities as part of an Allianz SE Group wide initiative in order to improve productivity, reduce complexity and increase customer satisfaction.

In line with the Company's purpose, the Board sets its strategy and oversees performance against the strategic objectives. The Company's strategy is approved by the Board as a part of the Group's strategy as a whole and by the Company's Board as well as being discussed and agreed with the ultimate shareholder, Allianz SE, through the annual Planning and Strategic Dialogue processes. The Chair is responsible for leading Board discussions on strategy matters. The aligned strategy of the Group is then segmented by business line, including a strategy for LVGIG and its subsidiaries which complements the wider Group strategy. The Company's Board has regard to any regulatory aspects or impacts of the strategy as some of its subsidiaries are regulated entities. As a Director of AZH and LVGIG the Allianz Personal CEO engages with the Company's Board, the Allianz Holdings plc Executive Committee and the Allianz Personal Executive Committee to develop the strategy for Allianz Personal, including the Company's business. Segmenting the plans allows Allianz Personal and Allianz Commercial and their respective lines of business to be differentiated as required to meet the overall strategy and objectives of the Group and the Allianz SE Group.

The AZH CEO is responsible for the delivery of the overall strategy of the Group, along with the AZH Executive Committee, which includes senior leadership from both Allianz Personal, Allianz Commercial and central functions which support the Group. The CEO of Allianz Commercial is responsible for implementation of the Company's commercial strategy and there is an Allianz Commercial Executive Committee to support the CEO. The Personal lines business is the responsibility of the CEO of Allianz Personal, supported by the Allianz Personal Executive Committee.

In addition there is continued focus on operating in an ethical, environmentally friendly and sustainable manner and ensuring employees of all backgrounds feel included and able to succeed. During the year, AZH was ranked 14th by the Inclusive Top 50 UK Employers list showing the continued focus on this area.

Values and Culture

Allianz's values are embedded within its culture and policies it upholds. In line with Allianz's purpose, LV= General Insurance puts its people first and customers at the heart of everything it does. LV= General Insurance's brand promise and leading service is a differentiator.

The Boards have a strong emphasis on integrity and honesty. During 2022, the Group initiated a programme to engage its entire leadership population on the topic of purposeful leadership to maintain continued focus on building a customer-centric culture. Furthermore, the roll out of a common set of values has commenced across the Group.

The Group's policies and practices help reinforce the Group's values and required behaviours and attitudes amongst employees. The values are underpinned by the four “People Attributes” – customer and market excellence, collaborative leadership, entrepreneurship and trust. The performance of all of our people is measured against attributes and success factors which are aligned with our values, which for employees are Be Brave; Inspire Trust; With Heart and Everyone Counts.

Allianz's people help to shape the culture of the business in delivering good customer outcomes across the organisation. A culture dashboard has been operationalised within the business, under the supervision of the Board, which aims to align the key drivers of culture: purpose, governance, people policies and leadership. People Attributes which underpin people policies are being aligned across Allianz's businesses in order to provide a consistent approach that explicitly considers supporting the delivery of good customer outcomes across the organisation. Delivering ‘friendly’ systems with a core focus on execution and delivering with pace is being prioritised.

Allianz conducts an annual employee engagement survey and its results are reported to the Board along with actions for improving performance. Comparative reporting against the prior year's survey is also considered by the Board.

The Board recognises that Diversity and Inclusion ("D&I") is fundamental to Allianz's ability to understand representation within the workforce and measure progress. D&I is a key aspect of culture and therefore a critical measure of success for Allianz.

Directors' Report for the Year Ended 31 December 2022

When the Group procures products and services from third parties, it looks to do so in a sustainable manner and with an unwavering commitment to transparency within any supply chain. With respect to Allianz's own products and services, they must always be clearly explained and honestly marketed. Allianz uses its sustainable procurement charter to encourage its suppliers to adopt and develop sound ESG practices. For tender assessments, Allianz will apply a minimum weighting of 10% to ESG factors, as a way of prioritising suppliers that have embedded sustainable and ethical practices within their organisation. Allianz will also provide support and education to suppliers who are invested in ESG. The Group wants to partner with suppliers who understand the nature of the materials, products and services they're providing and the importance of protecting the environment and fostering good relations with their employees and their local communities.

The Company piloted a partnership with Kaleida International in 2022 to diversify its suppliers. Kaleida is an inclusive business-to-business marketplace for tenders. The suppliers listed on Kaleida are businesses which are at least 51% owned and operated by women, veterans, people from ethnic minorities, from LGBTQ+ communities, or people who are neurodivergent or have disabilities.

Allianz's ESG strategy is embedded within the business and has been reviewed by the Board. Under this strategy Allianz believes that its role is to set the tone from the top on governance, culture and purpose and to be collectively responsible for the long-term success of the Company. For the Board, this means not only ensuring that the culture is fully embedded throughout the workplace, but ensuring that we comply with all relevant laws and regulations, have high standards of internal control and risk management, and that the business is run with integrity. Allianz knows that by acting responsibly it can provide products and services that meet its customers' needs, reduce the impact of its operations by being environmentally efficient and help the transition to a low carbon economy.

The Group promotes, amongst many other things: staff wellbeing, apprenticeships to support staff in retraining for digital roles, managing supply chains in a socially responsible manner, exploring opportunities for strategic growth through new product development and new channels of distribution, as well as providing excellent customer service.

2022 marked the third anniversary of our collaborative partnership with the University of Bristol ("UoB"), which was started with the main vision of working together to make advancements in the field of data science through sharing knowledge, skills and opportunity. Over the course of three years, the partnership has evolved rapidly, with deep rooted relationships being established across the university over a diverse set of activities. Some of the key activities and milestones during the year included; joining the list of official partners for the interdisciplinary Bristol Digital Futures Institute, supporting Bristol Data and Artificial Intelligence Showcase, successfully running data drill workshops with volunteers from the Data Science team led by a PhD student being supported, and Allianz's academic collaborators presenting the results of their work on Explainable AI at the Strategy Steering Committee. Allianz is also continuing to support a number of student societies.

The UoB based data science team at the LV= offices in Bristol kept its steady growth by adding more UoB alumni to our team recruited through internships and career events we supported and hosted. We have initiated collaborations in new fields as well as started co-developing new undergraduate programmes. Our colleagues who are studying a co-developed MSc in Data Science programme have successfully completed their first year and started their second and final year.

In 2022 Allianz extended its network of academic institutions by submitting MSc projects to the University of Exeter as well as expanding such partnerships to the wider company outside the Data Science space by proposing masters level projects and acting as industry supervisors for the Masters in Global Management programme at the London School of Economics.

LVGIG's partnership with ECB has been detailed on page 8. LVGIG also completed a second year working with charity partner, Family Action, who have been building stronger families since 1869. Family Action supports families and helps them build a brighter future. They do this by providing emotional, practical and financial support to more than 60,000 families every year through over 160 community-based and national services. LVGIG is supporting the FamilyLine service by donating £1 million over the duration of the three year partnership through corporate donations, fundraising and charity matching. FamilyLine is a free national helpline that provides support to adult family members on all aspects of family life issues via telephone, text message and email. The impact of the COVID-19 crisis and the pressures associated with the rise in cost of living has seen a significant surge in families requiring ongoing and additional support and the funding assists Family Action to continue to allow their services to meet the growing demand. In addition, employees have signed up as trained volunteers to support callers through befriending activities.

Directors' Report for the Year Ended 31 December 2022

Principle Two - Board Composition

Composition, Size and Structure

As of 31 December 2022, the Board of the Company comprised six independent non-executive directors, including an independent non-executive Chair, one shareholder nominated non-executive director and four executive directors. During the year, the Board was strengthened by the appointment of T Robson-Capps on 13 April 2022 and J R Vazquez on 1 June 2022 as independent non-executive directors, whilst R Murison stepped down from her role as a non-executive director on 25 September 2022. On 10 April 2023, C W T Dinesen stepped down from the Board, having reached the end of his term as an independent non-executive director.

The executive Directors comprise of the Group CEO (C Holmes), the Allianz Personal CEO (S Treloar) as well as the Group CFO (U Lange). C Holmes and S C McGinn were appointed on 22 February 2022. S C McGinn and F K Dyson stepped down as directors on 30 April 2023 and 29 May 2023 respectively. The role of the Chair (being the Chair of the Board of Allianz Holdings plc as well as the Company) and the roles of Group CEO and Allianz Personal CEO, are separate and clearly defined. The Chair is responsible for the effectiveness of the Board, including facilitating objective debate to ensure effective decision-making. The Allianz Personal CEO is responsible for executing the strategy of the Company and the wider Allianz Personal business.

The current composition is considered appropriate for the size and nature of the business, and provides the appropriate combination of skills, experience and knowledge required for the Board to carry out its responsibilities.

Directors' Report for the Year Ended 31 December 2022

Balance and Diversity

The Board remains committed to increasing diversity across the business and the Group operates a diversity and inclusion policy to encourage a more diverse and inclusive environment at all levels of the business. Diversity and inclusion is an important topic within the Group and is fully supported by the Board and the AZH Executive Committee.

Within the Group a diversity and inclusion steering committee sponsored by the Group CEO develops the diversity and inclusion action plan. During the year, a member of the AZH Executive Committee was also on the Allianz SE Group Global Inclusion Council that develops and drives the global strategy. The Group had developed a range of employee-led networks across the business which specialise in and promote aspects of diversity and inclusion. These include working parents and carers, intergenerational working, gender balance, LGBTQ+, cultural and ethnic diversity, disability and long-term health conditions and mental health. Further details on Gender Pay Gap reporting by Allianz are provided within Principle Five of the Corporate Governance report.

In relation to the Board, as at 31 December 2022, two of the eleven members (18%) of the Board were female. The composition of the Board is the same as that of LVGIG and AZH. New appointments to the Company's Board are recommended by the Compensation & Nomination Committee after consideration of the Board's composition in terms of its balance of skills, experience, length of service, knowledge of the Group and wider diversity considerations. The Board recognises that its own membership is not as diverse as it should be and this will be taken into account as and when new directors are appointed to the Board, including when existing non-executive Directors come to the end of their term in office.

The non-executive Directors bring a broad range of experience and skills to the Board which are highly relevant to the insurance sector and therefore they provide objective and constructive challenge to the executive Directors.

Effectiveness

An external provider is engaged to carry out a Board Governance effectiveness review every three years and in the intervening years there are annual Board self-assessment effectiveness reviews undertaken. The effectiveness reviews cover the Boards and committees of the Company, AZH and the other key entities within the Group.

During 2022, the Board undertook a review of Board governance effectiveness (the "Review"), led by the Chair of the Board in conjunction with the Chief Legal Officer and Company Secretary. An independent third party was also engaged to assist with carrying out the effectiveness surveys and collating the findings.

The Review covered Board and Committee effectiveness in all respects and also considered specific areas such as ensuring that customer outcomes and conduct risks were fully considered in all major decisions. The methodology used included a director skills assessment, director behavioural feedback and the effectiveness survey. Reports from the Review were considered at the September 2022 Board and Committee meetings. The Review concluded that there was an overall improvement in the effectiveness of the Board and its Committees relative to the outcomes from the 2021 review.

Opportunities for improvement were identified from the Review and actions plans drawn up with progress against the embedding of actions to be considered by the Board and relevant Board Committees at quarterly intervals. Since the Review many improvements have been made and the actions will continue to be tracked throughout 2023. An externally resourced independent governance review has been commissioned this year, which includes the Board and Committee effectiveness. The output and actions from this review are being reported to the Boards and committees.

The Directors are provided with a comprehensive and tailored induction on joining the Board and regularly meet with senior managers across the business. During the year, J R Vazquez and T Robson-Capps were appointed as independent non-executive directors. They received a full induction, spending time getting to know the business and key individuals within it.

A Board on-site day was organised in 2022 when Directors had the opportunity to visit Allianz's Bournemouth office and meet key management personnel operating within that location. Board on-site days have also been scheduled in 2023 to build greater awareness amongst Directors around the cultural feel, situational context and office climate as well providing an opportunity for direct feedback from employees.

Directors' Report for the Year Ended 31 December 2022

A schedule of Board training and deep dive topics is maintained by the Company Secretary which evolves based on the Board's development and training requirements. External advisors are invited for deep dive and training sessions on various topics as required in order to support the ongoing professional development of Directors. Non-executive Directors have access to the Company Secretary and can take independent professional advice at the Company's expense.

During the year, the Directors received training by participating in four quarterly deep dive sessions with management. These sessions are structured to enable updates and in-depth discussion on certain topics. The topics varied between those which focused on one area of the business and those which focused on the Group. At the deep dive sessions held during the year the following topics were discussed: Competition law; market development following the Personal injury reforms; IT Risk Framework and the status of each Risk domain; IFRS 17 market update; inflation monitoring; Emerging Risks and Top Risk Assessment; CBEST industry insight; Consumer Duty; Best practice for data analytics, AI, data sources and machine learning; reinsurance review; culture; Risk Strategy and Appetite Statement; and Risk and Recovery Plan.

Principle three – Directors Responsibilities

Accountability

The Board operates under a corporate governance framework that provides the required structure to enable prudent yet entrepreneurial management. The Board held quarterly meetings during 2022 as well as a strategy session with members of the Executive Team.

There were also a number of ad hoc meetings during the year. The agenda for each Board meeting is considered by the Chair, Group CEO, Allianz Personal CEO and the Company Secretary to ensure that all regulatory and governance matters are considered appropriately. This ensures that the Board is accountable and can effectively carry out its responsibilities.

Both the Group and Allianz SE Group policies are applied to the operation of the Company's Board and its function, as well as to the wider business. The Governance and Control Policy is reviewed and approved annually to ensure continued relevance and effectiveness.

Individually each Board Director is required to perform their role in accordance with prescribed role profiles and competency requirements. Annual Board Fit and Proper assessments as part of the Senior Manager and Certification Regime processes help to ensure the Board members remain "fit and proper" to undertake their duties (both fiduciary and regulatory) and responsibilities to the Company.

All Directors are expected to report any interests they have including any potential conflicts of interest as they arise. The Directors note interests at each Board meeting. Where required, appropriate mitigations to actual or potential conflicts are put in place, including where necessary a member excused themselves from a particular agenda item or decision to ensure the interests of the Company are not compromised.

Board Committees

The Board is composed of the same Directors that make up the Boards of the regulated entities and holding companies in the Group. Board meetings for all of these entities are held together, with each Company discussing matters relevant to it and the Directors considering matters from the perspective of each relevant Company for each item on the agenda. The Boards and the Company's Board delegate certain activities to committees including the AZH Executive Committee, the Audit Committee, the Risk Committee, the Customer & Conduct Committee, the Compensation & Nomination Committee and the Finance & Investment Committee. All of these committees (save for the AZH Executive Committee and the Finance & Investment Committee) are chaired by a non-executive Director who provides constructive challenge and influence across the work carried out by those committees. The Finance & Investment Committee has one non-executive Director member and is chaired by the Group CEO. Rolling forward agendas are reviewed at quarterly committee meetings and updated as required, to ensure members have an advanced view of the key matters for consideration throughout the year.

The AZH Executive Committee consists of the accountable executives for the Group. All of the Committees consider matters for the Group as a whole and matters which pertain to a particular division or Group Company, as required. However, there are also separate Allianz Commercial and Allianz Personal executive committees, which are forums to help the respective leadership of those divisions. In addition, during the year the terms of reference of each of the Committees were reviewed and updated to ensure the duties and authorities delegated to the Committees are clearly set out and defined and that the split of responsibilities between the Committees is clear. However, the Board retains ultimate responsibility for decisions on matters reserved under its terms of reference and where relevant each Committee recommends relevant matters to the Board for approval.

Directors' Report for the Year Ended 31 December 2022

Integrity of Information

The provision of clear, precise and relevant management information and reports to the Boards is fundamental to achieving good governance and efficient decision-making and operations.

There are formal and robust internal processes to ensure that the systems and controls in place are operating effectively, and that the Boards receive accurate, regular and timely information about the performance of the business. Following the roll out of new Board reporting templates in 2020 and 2021, guidance and training continues to be provided, to ensure that papers are clear, consider relevant stakeholders, determine what action is required of the Board, contain an executive summary and conclusions. Appropriate service level agreements are in place to ensure Board and committee packs are delivered to agreed timescales allowing sufficient time for Directors to review ahead of meetings and facilitate useful debate and challenge at meetings. The efficacy of the processes is reviewed by the Board as part of the Board Governance Effectiveness review undertaken annually in addition to interim feedback provided by the Directors on processes and management information.

Information provided includes financial information, review of actual performance against plan, strategy updates, project updates, certain metrics and data and market developments.

The Group's internal audit function prepares an annual risk-based plan of audits, derived from an audit universe, defined and revised annually, covering the complete system of governance. This includes the controls surrounding the processes for collecting and reporting data. The annual plan is approved by the Audit Committee with quarterly reporting on progress to the Audit Committee and, as relevant, the Boards. The Company's Board is therefore aware of and has oversight of these matters as appropriate and relevant to the Company and its activities. A consolidated assurance plan is also considered by the Risk Committee annually providing a consolidated summary of assurance coverage from the three line assessments of controls and governance.

Principle Four – Opportunity and Risk

Opportunity

The Board actively considers and approves strategic opportunities as these are key drivers of the strategy to outperform in our chosen markets. At Allianz, the Change Management framework provides an overarching framework for management and delivery of strategic change opportunities. This incorporates the appropriate regulatory, customer and commercial considerations to review opportunities and to ensure successful delivery. The executive team meets quarterly to review the opportunities pipeline, set priorities and to provide oversight with required escalations to the Board. Strong alignment exists with Allianz SE Group's purpose and strategy, with ongoing strategic dialogue and increased leveraging of group architecture, technologies and solutions.

The Board reviews and approves the strategy including threats and opportunities (considering the agreed risk appetites) following the Planning Dialogue which takes place in October and November each year with the ultimate shareholder ahead of the following financial year. Further information on the strategy setting process is provided under Principle One.

Risk

An enterprise risk management ("ERM") framework forms the overarching framework for management to deal with the various risks the Company may encounter, as well as their tracking and monitoring. This also ensures that the Group has processes in place by which it assesses the risks that the Company is exposed to, both on a current and forward-looking basis.

All businesses face uncertainty, and the challenge for management is to determine the nature and extent of uncertainty the Company is prepared to accept, in pursuit of its strategic objectives, as it strives to grow stakeholder and customer value. Uncertainty presents both risk and opportunity, with the potential to either erode or enhance value.

The ERM framework forms the overarching framework for management to deal with the various risks the Company may encounter, as well as for how they are monitored and reported. This also ensures that the Group has processes in place by which it assesses the risks to which it is exposed, both on a current and forward-looking basis.

The Board delegates oversight of risk management to the Risk Committee and the Chief Risk Officer ("CRO"). The CRO is a member of the AZH Executive Committee and a standing attendee at the Board. The CRO is supported by the Risk function which is made up of qualitative and quantitative risk experts. However, managers within business units remain collectively and individually responsible for managing risk in their own areas.

Directors' Report for the Year Ended 31 December 2022

To ensure that the Company is as well prepared as possible to identify and manage risks (including its principal risks) in a rapidly changing environment, there are a number of key risk management processes and policies in place. These processes are enabled by an appropriate governance structure to support effective risk management processes and the appropriate risk culture.

The Group has an Internal Control Framework, which is articulated in the Board Governance and Control Policy. The Board is able to make informed and robust decisions based on information delivered via risk management systems described in the Risk Policy. The Risk Committee monitors risk management performance and the evolution of the risk profile through the quarterly Own Risk and Solvency Assessment ("ORSA") process. Any significant deviations from the policy or other issues identified are communicated to the Board by the Risk Committee.

The Corporate Governance team, overseen by the Chief Legal Officer and Company Secretary, supports the Board and AZH Executive Committee in fulfilling their responsibilities in respect of the effectiveness of the Company's system of governance. The AZH Executive Committee consists of senior leadership within the Company who oversee the Company's system of governance and seek assurance that the governance framework is appropriate and effective. The system of governance is subject to annual review to ensure it continues to facilitate sound and prudent management of the business of the Company (with a Statement of Accountability being signed by the Group CEO and Group CFO and provided to the Allianz SE Group as part of its own governance review).

Responsibilities

The Board's responsibilities include approving the strategy, strategic asset allocation, establishment and maintenance of the system of internal control, approval of new appointments to key functions and oversight of the overall operation of the Company.

The Board is responsible for setting and reviewing the Company's risk appetite. The Company has a written statement confirming the degree of uncertainty (or risk) that the Company is willing to accept in the pursuit of its goals. The Company has a conservative and controlled risk appetite that is aligned to achieving corporate objectives and meeting regulatory requirements as well as the requirements of its parent entity, AZH.

In relation to the objectives in the annual corporate plan, the Company aims to ensure that it is not unduly exposed to any event or combination of events that could cause a variance in result inconsistent with the stated risk appetite. The Risk Committee is responsible for oversight of risks, both current and emerging. Mitigation activities are agreed by the Risk Committee and issues, such as reputational risk events, are escalated and acted upon as appropriate. Risks are monitored by the Risk Department via the risk management systems in place.

The Company has established clear communication channels. Internally, risks are discussed and escalated to relevant committees including the Risk Committee. Externally Allianz's risk profile is outlined in the Annual Report and Financial Statements.

Principle Five – Remuneration

The Compensation & Nomination Committee of the Boards is responsible for oversight of the Group's compensation strategy and making recommendations to the Boards on matters concerning the appointment and remuneration of the Directors and senior executives.

The Group Remuneration Strategy and policies ensure that remuneration of all Group employees is aligned to the performance of the business and adheres to its values and behaviours. The Remuneration Policy also ensures that reputational and behavioural risks to the Company and Group from inappropriate incentives or arrangements are carefully considered.

During the year, the Compensation & Nomination Committee met the requirements of its clearly defined terms of reference, which included reviewing and publishing the Gender Pay Gap Report for 2021 (published in 2022). The Gender Pay Gap Report emphasises the approach of the Board to being an active and equal opportunities employer who promotes a workplace where everyone receives equal treatment regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. The 2022 Gender Pay Gap report for 2022 has also been published and the Board is taking active measures to address the gap and tracking actions aimed at reducing it. The reports can be found on the website.

The remuneration of employees below Allianz Senior Executive level is overseen by the AZH Executive Committee.

Remuneration Decisions

The Compensation & Nomination Committee consists of independent non-executive Directors only. The Compensation & Nomination Committee is responsible for reviewing compensation strategy and applying it to senior executive positions in order to attract and retain quality people to enable the delivery of the Company's strategy. There is in place a robust process to assess how material risk takers have managed material risk events and risks therein, including conduct related risks, and influenced the risk profile of the business requiring adjustments to their remuneration. The process of reviewing risk takers performance is considered with input from Compliance, Audit, Risk and HR as part of the Risk Adjustment Review and their findings are presented to the Compensation & Nomination Committee for consideration. External benchmarking of remuneration is undertaken and is used when setting the remuneration of the Group's Senior Executive population. The Committee also oversees the design and operation of the performance management framework in meeting Allianz's objectives and local regulatory requirements and suggests changes to it.

Setting Remuneration

Compensation is set with reference to the Group's Remuneration Policy (which contains malus arrangements) and to the compensation framework set up by Allianz SE Group's Compensation Committee. The Compensation & Nomination Committee determines total remuneration in relation to Directors (executive and non-executive) with approval by the Board and senior executives. The Compensation & Nomination Committee seeks external input from specialist advisors on, for example, market trends and benchmarking. Different stakeholder groups such as customers and the shareholder were considered, including the Committee being satisfied that customers had been protected, when determining appropriate levels of bonus payments. The Compensation & Nomination Committee also takes into account relevant UK regulatory guidance on remuneration. Directors and AZH Executive Committee members who sit on subsidiary Boards are remunerated at Group level and are not remunerated separately for their subsidiary Board positions. The Directors' remuneration is disclosed in note 10.

Salaries of all Group employees are aligned to the performance of the business and market conditions, with bonus (and long term incentives for senior executives) driven by a combination of personal and business performance. The approach is aligned for employees of all levels and remuneration, particularly bonuses, are closely aligned with the Group's purpose and values and achievement of strategy.

Principle Six – Stakeholder Relationships and Engagement

External Impacts

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

The Group and the Company are acutely aware of the broader impact the business has on its various environments, its customers, suppliers and society in general, and adheres to and participates in the Group's corporate social responsibility policies and practices. In addition, sustainability is a key objective of the business, informing what it does and in particular the goods and services it procures.

Throughout 2022 the Company focused a significant amount of time on creating an environment where employees of all backgrounds, felt included and were able to succeed, and also ensuring that as a company we continue to operate in an ethical, environmentally friendly and sustainable manner. Some of the activities in place to support this through the year include:

- An employee consultation forum is in place and support has been provided to enable this forum to become the main vehicle for Board and workforce direct engagement;
- Workforce engagement scores were reviewed regularly by the Board;
- Continued development of six employee networks to support engagement, education and raising awareness on topics and issues and to provide a safe space for employee communities and allies to meet and share experiences;
- Race at Work educational programme reached over 7500 employees across Allianz to raise awareness and knowledge about race and the expected behaviours within the workplace;
- Inclusive Leadership workshops held for all people managers across the organisation to support them in how they manage and lead teams in creating an inclusive working environment;
- Developed a roadmap of local activities to deliver sustainability objectives across the operations and supply chain in line with the Allianz Group ambitions; and

Directors' Report for the Year Ended 31 December 2022

- Continued the ongoing commitment to create positive social impact through the LV= branded bodyshop repair network – Green Heart Standard covering commitments around sustainability, employee wellbeing, diversity & inclusion and development through apprenticeships.

Stakeholders

The Company and the Group have a number of key stakeholders including: suppliers, customers, brokers, regulators, its shareholder and the wider Insurance industry. Details of how the Company and its Directors engage with stakeholders can be found in the section 172 statement on page 5.

Directors' responsibility to the auditors

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

Independent Auditors

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

By order of the Board

C M Twemlow
Company secretary

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

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

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

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

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

U Lange
Director

22 June 2023

Independent auditors' report to the members of Liverpool Victoria General Insurance Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Liverpool Victoria General Insurance Group 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: the Statement of Financial Position as at 31 December 2022; the Statement of Profit or 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 that would contradict management's assessment of going concern; and
- Assessing the disclosures made by management in the financial statements and checking the consistency of the disclosures with our knowledge of the company based on our audit procedures.

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 employment law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Enquiry of management to identify any instances of known or suspected instances of non-compliance with laws and regulations and fraud;
- 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
22 June 2023

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

	Note	2022 £'000	Restated 2021 £'000
Revenue*	3	349,245	353,702
Investment income	4	65,080	164,046
Total income		**414,325**	**517,748**
Administrative expenses	5	(348,863)	(353,255)
Impairment of investment in group undertakings	13	(1,059)	-
Operating profit		**64,403**	**164,493**
Finance costs	7	(382)	(447)
Profit before tax		**64,021**	**164,046**
Income tax expense	9.1	(2,740)	(5,840)
Profit for the year wholly attributable to the equity holder		**61,281**	**158,206**

There has been no other comprehensive income in the year ended 31 December 2022 (2021: £ nil).

*These items have been restated for 2021 due to presentational changes. For more information, please note 1.3 to the financial statements.

The accounting policies and notes on pages 32 to 55 are an integral part of these financial statements.

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

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2021	896,254	64,914	961,168
Profit for the year	-	158,206	158,206
Dividend paid	-	(164,000)	(164,000)
At 31 December 2021	**896,254**	**59,120**	**955,374**

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2022	896,254	59,120	955,374
Profit for the year	-	61,281	61,281
Dividend paid	-	(65,000)	(65,000)
At 31 December 2022	**896,254**	**55,401**	**951,655**

The accounting policies and notes on pages 32 to 55 are an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2022

	Note	2022 £'000	Restated 2021 £'000
Assets			
Property, plant and equipment*	12	262	343
Right of use assets*	16	9,546	12,101
Intangible assets	11	19,488	12,624
Investments in group undertakings	13	965,536	966,595
Deferred tax assets	9.4	150	195
Accrued income and prepayments	14	17,551	11,444
Trade and other receivables*	17	27,383	37,723
Current tax assets	9.3	659	-
Cash and cash equivalents	18	5,707	233
Total assets		**1,046,282**	**1,041,258**
Equity and liabilities			
Equity			
Share capital	19	(896,254)	(896,254)
Retained earnings		(55,401)	(59,120)
Total equity		**(951,655)**	**(955,374)**
Liabilities			
Provisions for other liabilities and charges	21	(5,864)	(6,587)
Lease liabilities	16	(10,054)	(12,771)
Trade and other payables*	20	(78,709)	(58,796)
Borrowings*	15	-	(1,274)
Income tax liability	9.3	-	(6,456)
Total liabilities		**(94,627)**	**(85,884)**
Total equity and liabilities		**(1,046,282)**	**(1,041,258)**

*These items have been restated for 2021 due to presentational changes. For more information, please see note 1.3 to the financial statements.

These financial statements on pages 28 to 55 were approved by the Board of Directors on 22 June 2023 and signed on its behalf by:

U Lange
Director

Liverpool Victoria General Insurance Group Limited
Registered Number: 04332926

The accounting policies and notes on pages 32 to 55 are an integral part of these financial statements.

Statement of Cash Flows
For the Year Ended 31 December 2022

	Note	2022 £'000	Restated 2021 £'000
Cash flows from operating activities			
Profit before tax		**64,021**	**164,046**
Adjusted for non-cash items			
Depreciation of property and equipment*	12	81	61
Depreciation of right of use assets*	16	2,555	2,526
Movement in right of use assets	16	-	416
Amortisation of intangible assets	11	3,825	1,948
Impairment of investment in group undertakings	13	1,059	-
Interest income received*	4	(80)	(46)
Dividend income received*	4	(65,000)	(164,000)
Finance costs	7	382	447
Short term lease payments*	16	(447)	(518)
		6,396	**4,880**
Changes in working capital			
(Increase)/decrease in accrued income and prepayments	14	(6,107)	155
Decrease in trade and other receivables*	17	10,340	5,537
Increase in trade and other payables*	20	19,913	704
Decrease in provisions	21	(723)	(3,007)
Short term lease payments*	16	447	518
Cash generated from operations		**30,266**	**8,787**
Interest received	4	80	46
Income tax (paid)/received	9.2	(9,810)	433
Net cash flow generated from operating activities		**20,536**	**9,266**
Cash flows from investing activities			
Purchase of property plant and equipment	12	-	(404)
Acquisition of intangible assets	11	(10,689)	(7,566)
Dividend income received	4	65,000	164,000
Net cash flow generated from investing activities		**54,311**	**156,030**
Cash flows from financing activities			
Interest expense on leases	7	(382)	(447)
Repayment of the lease liabilities		(2,717)	(2,930)
Dividends paid	26	(65,000)	(164,000)
Net cash flows used in financing activities		**(68,099)**	**(167,377)**
Net increase/(decrease) in cash and cash equivalents		**6,748**	**(2,081)**
Cash and cash equivalents at the beginning of the year		**(1,041)**	**1,040**
Cash and cash equivalents at end of year	**18**	**5,707**	**(1,041)**

*These items have been restated for 2021 due to presentational changes. For more information, please see note 1.3 to the financial statements.

The accounting policies and notes on pages 32 to 55 are an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2022

1 ACCOUNTING POLICIES

1.1 Company and its operations
Liverpool Victoria General Insurance Group Limited (the “Company”) 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 Company is exempt from the obligation to prepare and deliver group financial statements by virtue of the Companies Act 2006 (Section 401 1a) as it is a subsidiary undertaking of an EU parent (Allianz SE) (see note 23). The financial statements present information about the Company as an individual undertaking and not about its Group.

The financial statements have been prepared on the historical cost basis except for the following:
• Lease liability- please refer to accounting policy 1.4d.

The functional and presentational currency is British Pounds.

Restatement
There have been restatements across financial statement line items to reflect presentational changes as a result of alignment with the financial statements of other similar entities within the AZH Group. These have all been identified as restated within the financial statements and the respective notes.

Statement of Profit and Loss and Other Comprehensive Income

	Note	2021 £'000	Adjustments £'000	Restated £'000
Investment income	4	164,046	-	164,046
Other income*		353,702	(353,702)	-
Revenue*	3	-	353,702	353,702
Total income*		**517,748**	**-**	**517,748**
Administrative expenses	**5**	**(353,255)**	**-**	**(353,255)**
Finance costs	7	(447)	-	(447)
Profit before tax		**164,046**	**-**	**164,046**
Income tax expense	**9.1**	**(5,840)**	**-**	**(5,840)**
Profit for the year wholly attributable to the equity holder		**158,206**	**-**	**158,206**

Restatement - change in accounting policies
*Other income of £353,702k has been classified into Revenue on the face of the Statement of Profit and Loss and Other Comprehensive Income.

1 ACCOUNTING POLICIES (CONTINUED)

1.3 Basis of preparation (continued)

Statement of Financial Position

	Note	2021 £'000	Adjustments £'000	Restated 2021 £'000
Assets				
Property, plant and equipment*	12	12,444	(12,101)	343
Right of use assets*	16	-	12,101	12,101
Intangible assets	11	12,624	-	12,624
Investments in group undertakings	13	966,595	-	966,595
Deferred tax assets	9.4	195	-	195
Accrued income and prepayments	14	11,444	-	11,444
Trade and other receivables*	17	37,500	223	37,723
Cash and cash equivalents	18	233	-	233
Total assets		**1,041,035**	**223**	**1,041,258**
Equity and liabilities				
Equity				
Share capital	19	(896,254)	-	(896,254)
Retained earnings		(59,120)	-	(59,120)
Total equity		**(955,374)**	**-**	**(955,374)**
Liabilities				
Employee share save*		(226)	226	-
Provisions for other liabilities and charges	21	(6,587)	-	(6,587)
Lease liabilities	16	(12,771)	-	(12,771)
Trade and other payables*	20	(59,621)	825	(58,796)
Borrowings*	15	-	(1,274)	(1,274)
Income tax liability	9.3	(6,456)	-	(6,456)
Total liabilities		**(85,661)**	**(223)**	**(85,884)**
Total equity and liabilities		**(1,041,035)**	**(223)**	**(1,041,258)**

Restatement - change in accounting policies

*Right of use assets have been reclassified from within Property, plant and equipment to Right of use assets on a separate line item of £12,101k.

*Trade and other receivables of £223k have been reclassified to Trade and other payables.

*Employee share save of £226k has been reclassified to Trade and other payables.

*Trade and other payables has been reclassified by £825k; £223k from Trade and other receivables, £226k from Employee share save offset by £1,274k being reclassified into Borrowings.

1 ACCOUNTING POLICIES (CONTINUED)

1.3 Basis of preparation (continued)

Statement of Cash Flows

	Note	2021 £'000	Adjustments £'000	Restated 2021 £'000
Cash flows from operating activities				
Profit before tax		**164,046**	**-**	**164,046**
Adjusted for non-cash items				
Depreciation of property and equipment*	12	2,587	(2,526)	61
Depreciation of right of use assets*	16	-	2,526	2,526
Movement in right of use assets	16	416	-	416
Amortisation of intangible assets	11	1,948	-	1,948
Investment income*	3	(164,046)	164,046	-
Interest income received*	4	-	(46)	(46)
Dividend income received*	4	-	(164,000)	(164,000)
Finance costs	7	-	447	447
Short term lease payments*	16	-	(518)	(518)
		4,951	**(71)**	**4,880**
Changes in working capital				
Decrease in employee share save*		(7)	7	-
Decrease in accrued income and prepayments	14	155	-	155
Decrease in trade and other receivables*	17	5,760	(223)	5,537
Increase in trade and other payables*	20	488	216	704
Decrease in provisions	21	(3,007)	-	(3,007)
Short term lease payments*	16	-	518	518
Cash generated from operations		**8,340**	**447**	**8,787**
Interest received	4	46	-	46
Income tax received	9.2	433	-	433
Net cash flow generated from operating activities		**8,819**	**447**	**9,266**
Cash flows from investing activities				
Purchase of property plant and equipment	12	(404)	-	(404)
Acquisition of intangible assets	11	(7,566)	-	(7,566)
Dividend income received	4	164,000	-	164,000
Net cash flow generated from investing activities		**156,030**	**-**	**156,030**
Cash flows from financing activities				
Interest expense on leases	7	-	(447)	(447)
Repayment of the lease liabilities		(2,930)	-	(2,930)
Dividends paid	26	(164,000)	-	(164,000)
Net cash flows used in financing activities		**(166,930)**	**(447)**	**(167,377)**

1 ACCOUNTING POLICIES (CONTINUED)

1.3 Basis of preparation (continued)

	Note	2021 £'000	Adjustments £'000	Restated 2021 £'000
Net decrease in cash and cash equivalents		(2,081)	-	(2,081)
Cash and cash equivalents at the beginning of the year		1,040	-	1,040
Cash and cash equivalents at end of year	18	(1,041)	-	(1,041)

Restatement - change in accounting policies
*Investment income received has been split into interest income received and dividend income received, in line with the revised presentation of revenue in the Statement of Profit and Loss and Other Comprehensive Income.

*Depreciation of property and equipment has been reclassified by £2,526k to reflect the reclassification to depreciation of right of use assets as a separate financial statement line item in the Statement of Financial Position.

*The presentation of Short term lease payments has also changed so that an element is reflected within the changes in working capital.

*The movement in Employee share save of £7k has been reclassified to Trade and other payables.

*Trade and other payables has been reclassified by £216k; £223k from Trade and other receivables, offset by the movement of £7k in the Employee share save.

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 January 1, 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 principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies (continued)

(a) Property and equipment (continued)

Asset class	Useful life
Fixtures and Fittings	5 years

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

(b) Investment in group undertakings

Investments in group undertakings are shown in the Statement of Financial Position at cost. The carrying value is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The impairment assessment compares the carrying amount of the investment in the subsidiary with the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount is higher than the recoverable amount, an impairment is recognised in the Statement of Profit and Loss and Other Comprehensive Income in the period in which it occurred.

From time to time there may be a transfer of value between the company's subsidiary investments. Because this type of transaction is not covered by IFRS, a policy has been developed to account for such transfers in accordance with their substance and economic reality and not merely their legal form. When such transactions arise, the company recognises a transfer of value from carrying value of the investment in the transferor to the investment in the transferee. This transfer is considered to align with the principle in IAS 27 to measure investments at cost. The method applied recognises that the cost to the company of this transaction is a reduction in the value of its investment in the transferor; so, recognition of this value, as part of the investment in the transferee, is a cost method.

(c) Intangible assets

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

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

Asset class	Useful life
Computer software	3 - 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. The cost is amortised over the expected useful life of the intangible asset on a straight line basis.

(d) 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.

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies (continued)

(d) Company as a Lessee (continued)

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

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

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

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

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

(e) Income taxes

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Profit and Loss and Other Comprehensive Income.

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

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

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

(f) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies (continued)

(f) Impairment of assets (continued)

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the Statement of Profit and Loss and Other Comprehensive Income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(g) 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").

(h) 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.

(i) 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.

(j) 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.

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Summary of significant accounting policies (continued)

(k) Revenue recognition

Revenue recognised primarily relates to recharged 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. This revenue is recognised in parallel with the recognition of the underlying expenses to be charged.

The Company has one performance obligation within its revenue stream:

- Rendering of services to related parties - The performance obligation is the re-allocation of expenses incurred on behalf of the Group. This obligation is satisfied when the expenses are recharged and as such the revenue is recognised immediately receipts in respect of payroll services are deemed immaterial.

Interest income is also recognised in the Statement of Profit and Loss and Other Comprehensive Income as it is accrued. Dividend income from subsidiaries is recognised in the Statement of Profit and Loss and Other Comprehensive Income upon receipt of payment.

(l) Borrowings

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

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

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

2 USE OF CRITICAL ESTIMATES, ASSUMPTION 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 in the valuation of the subsidiary company

Where the net asset value of the subsidiary falls below the cost of investment in the subsidiary, the valuation is based on the subsidiary's value in use. The value in use is based on the future cash flows forecast into perpetuity and calculated as at the end of the period, based on financial plans approved by the Directors covering a three year period, with a further two year period of projection and discounted to its present value. See further information in the Investments in group undertakings note 13.

3 REVENUE

	2022 £'000	Restated 2021 £'000
Rendering of services to related parties*	349,245	353,702

*Please refer to the restatement in note 1.3.

4 INVESTMENT INCOME

	2022 £'000	2021 £'000
Interest income	80	46
Dividend income	65,000	164,000
	65,080	**164,046**

5 ADMINISTRATIVE EXPENSES

	2022 £'000	Restated 2021 £'000
Depreciation of property and equipment*	81	61
Depreciation on right of use assets*	2,555	2,526
Amortisation of intangible assets	3,825	1,948
Other expenses (including management charges)	342,402	348,720
Total administrative expenses	**348,863**	**353,255**

Included with management charges are £33,098k (2021: £88,476k) of group recharges to LVGIG from AZH.

*Please refer to the restatement in note 1.3.

6 EMPLOYEE RELATED COSTS

	2022 £'000	Restated 2021 £'000
Wages and salaries*	145,580	159,979
Social security costs	15,021	15,095
Other pension costs	13,925	16,127
	174,526	**191,201**

*An element of wages and salaries has been reclassified in 2021 (£649k) to be consistent with other similar entities within the AZH Group.

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

6 EMPLOYEE RELATED COSTS (CONTINUED)

	2022 No.	2021 No.
Member and customer contact	2,397	2,597
Administration	1,247	1,453
	3,644	**4,050**

The number of employees has decreased from 2021 as a result of the transfer of staff to another Group company as part of centralising all shared services within the UK.

7 FINANCE COSTS

	2022 £'000	2021 £'000
Interest expense on lease liabilities	382	447

8 AUDITORS' REMUNERATION

The total remuneration payable by the Company excluding VAT, to its auditors in respect of the audit of these financial statements, is shown below. Other services supplied pursuant to legislation were £nil (2021: £nil).

	2022 £'000	2021 £'000
Fees payable for audit of the Company's financial statements	42	34

9 INCOME TAX

9.1 Income tax recognised in the Statement of Profit and Loss

Tax charged/(credited) in the profit and loss

	2022 £'000	2021 £'000
Current taxation		
UK corporation tax	2,857	9,385
UK corporation tax adjustment to prior periods	(162)	(3,358)
	2,695	**6,027**
Deferred taxation		
Arising from origination and reversal of temporary differences	11	2
Arising from changes in tax rates and laws	4	(47)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	30	(142)
Total deferred taxation	**45**	**(187)**
Tax expense in the income statement	**2,740**	**5,840**

The tax assessed on the year is lower (2021: lower) than the standard rate of corporation tax in the United Kingdom of 19% (2021 - 19%).

The differences are reconciled below:

9 INCOME TAX (CONTINUED)

9.1 Income tax recognised in the Statement of Profit and Loss (continued)

	2022 £'000	2021 £'000
Profit before tax from continuing operations	**64,021**	**164,046**
Income tax at standard rate	**12,164**	**31,169**
(Decrease)/increase in current tax from adjustment for prior periods	(131)	3,217
Decrease from effect of revenues exempt from taxation	(12,350)	(31,160)
Increase from effect of expenses not deductible in determining taxable profit	210	16
Increase from transfer pricing adjustments	2,844	2,645
Deferred tax expense/(credit) relating to changes in tax rates or laws	3	(47)
Income tax charge recognised in profit or loss	**2,740**	**5,840**

The tax rate used for the 2022 and 2021 reconciliations above is the corporate tax rate payable by corporate entities in the UK on taxable profits under tax law in that jurisdiction. The standard rate of UK corporation tax is currently 19%, changing to 25% with effect from 1 April 2023.

9.2 Tax paid for cash flow purposes

	2022 £'000	2021 £'000
Current tax (payable)/receivable at 1 January	(6,456)	4
Amounts charged to the income statement	(2,695)	(6,027)
Tax paid/(received) during the year	9,810	(433)
Current tax receivable/(payable) at 31 December	**659**	**(6,456)**

9.3 Current tax asset/(liability)

	2022 £'000	2021 £'000
Current tax asset/(liability)	**659**	**(6,456)**

9.4 Deferred tax balances

Deferred tax assets

	2022 £'000	2021 £'000
The balance comprises temporary differences attributable to:		
Capital allowances	93	137
Provisions	57	58
Total deferred tax assets	**150**	**195**
Net deferred tax assets	**150**	**195**

9 INCOME TAX (CONTINUED)

9.4 Deferred tax balances (continued)

Movements	Provisions £'000	Capital allowances £'000	Total £'000
At 1 January 2021	-	8	8
Credited to			
- profit or loss	58	129	187
At 31 December 2021	**58**	**137**	**195**
Charged to			
- profit or loss	(1)	(44)	(45)
At 31 December 2022	**57**	**93**	**150**

	2022 £'000	2021 £'000
Deferred tax asset	150	195
Current deferred tax asset	73	83
Non-current deferred tax asset	77	112

The valuation and recoverability of deferred tax assets relating to capital allowances in excess of depreciation and provisions is dependent on the availability of future taxable profits within the Company and AZH Group. Management forecasts currently support the future recoverability of the deferred tax asset recognised in the balance sheet as at 31 December 2022.

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. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10 DIRECTORS' EMOLUMENTS

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Emoluments	5,867,982	3,834,472

In respect of the highest paid director:

	2022 £	2021 £
Emoluments	2,422,866	1,283,589

Emoluments include £84,600 (2021: £373,959) 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 £217,396 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.

10 DIRECTORS' EMOLUMENTS (CONTINUED)

The emoluments also include £624,500 (2021: £361,167) of payments received during 2022 by the highest paid Director relating to the vesting of Liverpool Victoria General Insurance Group Limited (“LVGIG”) Long Term Incentive Plans ("LTIPs"). That Director also has deferred payments of £130,000 (2021: £364,550) receivable in future years from the vesting of the LTIPs which are not included in the aggregate emoluments figures.

An individual who was previously a Director of the Company received a compensation for loss of office of £2,237,290. The individual also received a payment of £177,409 following the exercise of Restricted Stock Units relating to a grant in a previous year when they were in office as a Director. The individual also received a payment of £206,612 under the Mid-Term Bonus scheme.

The Directors of the Company are also directors of fellow AZH Group companies. The emoluments disclosed above were the total emoluments received by the Directors in relation to their AZH Group directorships. Save for one Director, the Directors' emoluments were paid by AMSL, a fellow AZH subsidiary, on behalf of the Group. One Director's emoluments were paid by LVGIG, a fellow AZH plc subsidiary, on behalf of the Group.

11 INTANGIBLE ASSETS

	Software and licence costs £'000	Total £'000
Cost		
At 1 January 2021	8,178	8,178
Additions	7,566	7,566
At 31 December 2021	**15,744**	**15,744**
At 1 January 2022	15,744	15,744
Additions	10,689	10,689
At 31 December 2022	**26,433**	**26,433**
Accumulated amortisation		
At 1 January 2021	1,172	1,172
Charge for year	1,948	1,948
At 31 December 2021	**3,120**	**3,120**
At 1 January 2022	3,120	3,120
Charge for year	3,825	3,825
At 31 December 2022	**6,945**	**6,945**
Carrying amount		
At 31 December 2021	**12,624**	**12,624**
At 31 December 2022	**19,488**	**19,488**

Notes to the Financial Statements for the Year Ended 31 December 2022

12 PROPERTY AND EQUIPMENT*

	Fixtures and fittings £'000	Total £'000
Cost		
Additions	404	404
At 31 December 2021	**404**	**404**
At 1 January 2022	404	404
At 31 December 2022	**404**	**404**
Accumulated depreciation		
Charge for year	61	61
At 31 December 2021	**61**	**61**
At 1 January 2022	61	61
Charge for the year	81	81
At 31 December 2022	**142**	**142**
Carrying amount		
At 31 December 2021	**343**	**343**
At 31 December 2022	**262**	**262**

*Please refer to the restatement in note 1.3.

13 INVESTMENTS IN GROUP UNDERTAKINGS

Subsidiaries	**£'000**
Cost or valuation	
At 1 January 2021	966,595
At 31 December 2021	**966,595**
At 1 January 2022	966,595
Impairment	(1,059)
At 31 December 2022	**965,536**
Carrying amount	
At 31 December 2022	**965,536**
At 31 December 2021	**966,595**

On 21 March 2023, a capital injection of £60,000k was received from AZH, which was subsequently paid to Liverpool Victoria Insurance Company Limited. Please refer to note 27 for further information.

13 INVESTMENTS IN GROUP UNDERTAKINGS (CONTINUED)

Key assumptions used in the impairment testing of investments in group undertakings

The recoverable amount (based on value-in-use calculations) of the investments in group undertakings has been determined using cash flow predictions based on financial plans approved by the Company covering a five-year period.

These plans are revisited in Q3 of each year, with reforecasts taking place at earlier intervals where these are considered necessary. All key functions in the business are involved in their development, before review and challenge by the Board. In undertaking the impairment assessment, management has taken account of the competitive market environment, and the fact the plan assumes the market is not disrupted by competitor behaviour. The plan is on a pre-quota share basis in line with Allianz practice.

The plan assumes strong underwriting and investment results. These investment returns were determined in consultation with our inhouse Investment Management team. The forecast cash flows have been discounted at a pre-tax rate of 11.36% and terminal growth rate of 0.85% applied to cash flows from 2026 onwards. Both the terminal growth rate and the discount rate are consistent with the ranges observed in the market place. Based on the above assumptions, the recoverable amount exceeded the carrying amount by £296,908k.

Impairment of Liverpool Victoria Insurance Management Limited

The carrying amount exceeded the recoverable amount of the Company’s investment in Liverpool Victoria Insurance Management Limited (“LVIM”). LVIM has a negative fair value, it breaks even as all costs are recharged and has no real intrinsic value. The carrying value has been written down to nil and an impairment has been recognised for the remaining cost of investment held of £1,059k.

13 INVESTMENTS IN GROUP UNDERTAKINGS (CONTINUED)

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2022	2021
Highway Insurance Group Limited*	General insurance holding company	England and Wales	100%	100%
Highway Insurance Company Limited*	General insurance	England and Wales	100%	100%
Liverpool Victoria Insurance Company Limited	General insurance	England and Wales	100%	100%
LV Insurance Management Limited	Management services company	England and Wales	100%	100%
LV Assistance Services Limited	Road rescue	England and Wales	100%	100%
LV Repair Services Limited*	Repair services	England and Wales	100%	100%
Fairmead Insurance Limited	General insurance	England and Wales	100%	100%
Fairmead Distribution Services Limited*	Management services company	England and Wales	100%	100%
Buddies Enterprises Limited*	General insurance	England and Wales	100%	100%

*Highway Insurance Group Limited, Highway Insurance Company Limited, LV Repair Services Limited, Fairmead Insurance Limited and Fairmead Distribution Services Limited are indirectly held.

During 2022, Fairmead Distribution Services Limited was dissolved. All other subsidiaries listed above were held during the period from 1 January 2021 to 31 December 2022.

14 ACCRUED INCOME AND PREPAYMENTS

	2022 £'000	2021 £'000
Accrued income	1,254	-
Prepayments	16,297	11,444
	17,551	**11,444**

All prepayments are due within 12 months of the date of the Statement of Financial Position and none held by the Company were past due or impaired in 2022 (2021: £nil).

15 BORROWINGS

	2022 £'000	Restated 2021 £'000
Borrowings		
Bank overdrafts*	-	1,274

*Please refer to the restatement in note 1.3.

The company's exposure to market and liquidity risks, including maturity analysis, relating to borrowings is disclosed in note 22 "Risk Management Policies".

16 LEASES

Lease agreements where the Company is lessee

Right-of-use assets*

	Property £'000	Total £'000
Cost or valuation		
At 1 January 2021	19,689	19,689
Additions	620	620
Disposals	(1,644)	(1,644)
Lease adjustment	98	98
At 31 December 2021	**18,763**	**18,763**
At 1 January 2022	18,763	18,763
Additions	-	-
At 31 December 2022	**18,763**	**18,763**
Accumulated Depreciation		
At 1 January 2021	4,646	4,646
Charge for year	2,526	2,526
Eliminated on disposal	(510)	(510)
At 31 December 2021	**6,662**	**6,662**
At 1 January 2022	6,662	6,662
Charge for the year	2,555	2,555
At 31 December 2022	**9,217**	**9,217**
Carrying amount		
At 31 December 2022	**9,546**	**9,546**
At 31 December 2021	**12,101**	**12,101**

*Please refer to the restatement in note 1.3.

Amounts recognised in the Statement of Profit and Loss and Other Comprehensive Income:

	Property		Total	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Depreciation expense on right of use asset	2,555	2,526	2,555	2,526
Interest expense on lease liabilities	382	447	382	447
Expenses relating to short term leases	447	518	447	518

At 31 December 2022, the Company is committed to £446k for short-term leases (2021: £447k). The total cash outflow for leases amounted to £2,717k for the year ended 31 December 2022 (2021: £2,930k).

16 LEASES (CONTINUED)

Lease agreements where the Company is lessee (continued)

Lease liabilities:

	Property		Total	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Current	2,312	2,718	2,312	2,718
Non-current	7,742	10,053	7,742	10,053
Total lease liabilities	**10,054**	**12,771**	**10,054**	**12,771**

Maturity analysis – contractual undiscounted cash flows:

	Property		Total	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Year 1	2,610	3,100	2,610	3,100
Year 2	2,104	2,610	2,104	2,610
Year 3	1,905	2,104	1,905	2,104
Year 4	1,168	1,905	1,168	1,905
Year 5	1,168	1,168	1,168	1,168
Onwards	2,065	3,233	2,065	3,233
Total	**11,020**	**14,120**	**11,020**	**14,120**

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.

17 TRADE AND OTHER RECEIVABLES

		Restated
	2022	**2021**
	£'000	**£'000**
Amounts due from related parties	16,170	11,690
Other receivables*	11,213	26,033
Total trade and other receivables	**27,383**	**37,723**

*Please refer to the restatement in note 1.3.

Other receivables includes £10,062k held in the Allianz SE Cash Pool (2021: £25,070k) which is "callable" on a daily basis. Trade and other receivables approximate to fair value. All 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.

Notes to the Financial Statements for the Year Ended 31 December 2022

18 CASH AND CASH EQUIVALENTS

	2022 £'000	Restated 2021 £'000
Cash and cash equivalents	5,707	233
Bank overdrafts*	-	(1,274)
Cash and cash equivalents in statement of cash flows	**5,707**	**(1,041)**

*Please refer to the restatement in note 1.3.

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.

19 SHARE CAPITAL

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	896,254,000	896,254,000	896,254,000	896,254,000

20 TRADE AND OTHER PAYABLES

	2022 £'000	Restated 2021 £'000
Trade payables	11,498	7,920
Accruals*	43,929	27,954
Amounts due to related parties*	19,052	19,238
Social security and other taxes	4,001	3,235
Other payables*	229	449
Total trade and other payables	**78,709**	**58,796**

*Please refer to the restatement in note 1.3.

Included within Accruals is £4,749k of LTIP payments (2021: 4,187k) which are not due for payment within 12 months of the Statement of Financial position date. All other liabilities are payable within 12 months of the Statement of Financial Position date.

Trade and other payables approximate to fair value.

21 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Restructuring £'000	Dilapidations £'000	Other provisions £'000	Total £'000
At 1 January 2021	7,741	1,272	581	9,594
Amount charged to the Statement of Comprehensive Income	-	646	340	986
Utilised in the year	(2,768)	-	(456)	(3,224)
Released in the year	(713)	70	(126)	(769)
At 31 December 2021	**4,260**	**1,988**	**339**	**6,587**
Amount charged to the Statement of Comprehensive Income	-	434	1,479	1,913
Utilised in the year	(2,389)	-	-	(2,389)
Released in the year	(247)	-	-	(247)
At 31 December 2022	**1,624**	**2,422**	**1,818**	**5,864**

22 RISK MANAGEMENT POLICIES

Capital management

The Company's capital risk is determined with reference to the requirements of the AZH 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 £951,655k (2021: £955,374k) of total capital employed.

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

Financial risk

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

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. The Company is exposed to market risk through its investments in group undertakings insofar as the carrying amount exceeds the net asset value of the subsidiary and as such the investment is overstated.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts due to the Company in full when they fall due. The Company is exposed to credit risk through its trade and other receivables and cash and cash equivalents.

The Company deems the risk associated with its trade and other receivables to be low as a large proportion of receivables are due from fellow Allianz SE Group subsidiaries and as such are A rated. Despite the other receivables being unrated, the Company deems the associated risk to be insignificant because these amounts are due from many separate counterparties and all receivables are due within 1 year. The Company deems the risk associated with its cash and cash equivalents to be low as the cash balances are held with a financial institution with an A credit rating.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. The Company is exposed to liquidity risk through its right of use asset, deferred tax liability, 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.

Liquidity risk for the Company is mitigated as the Company largely finances through intercompany transactions and the Company has sufficient liquid assets to meet its liabilities as they fall due.

23 PARENT AND ULTIMATE PARENT UNDERTAKING

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

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

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

24 RELATED PARTY TRANSACTIONS

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 (management charge received by the Company)	349,245	353,702
Management charge paid by the Company	(33,098)	(88,476)
Dividends received	65,000	164,000
Dividends paid	(65,000)	(164,000)

	2022 £'000	2021 £'000
Due from related parties at 31 December		
LVGIG Group undertakings	15,049	11,690
Fairmead Insurance Limited	1,121	-
Total	**16,170**	**11,690**

	2022 £'000	2021 £'000
Due to related parties at 31 December		
LVGIG Group undertakings	(4,874)	(9,097)
Allianz Management Services Limited	(14,178)	(8,635)
Fairmead Insurance Limited	-	(1,506)
Total	**(19,052)**	**(19,238)**

The Company acts as a management services provider for the Group. The Company employs staff and incurs costs on behalf of Group entities which are subsequently re-charged across the Group.

Key management personnel

The Company considers its key management personnel to be the Directors only. The Company incurred £1,294k (2021: £1,284k) in respect of the services of key management personnel that was recharged to the LVGIG Group.

25 SHARE-BASED PAYMENTS

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 £207k (2021: £297k) and the corresponding liability held at year end is £164k (2021: £226k).

26 DIVIDENDS

A dividend of £65,000k was paid for the year ended 31 December 2022 (2021: £164,000k). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: £nil).

27 SUBSEQUENT EVENTS

On 21 March 2023, a capital injection of £60,000k was received from AZH and this was immediately injected into a subsidiary company, Liverpool Victoria Insurance Company Limited, to strengthen the solvency position.

On 6 June 2023, the Board approved the issue of £100,000k of share capital to AZH. On 9 June 2023, the Board of Fairmead Insurance Limited approved (subject to PRA non-objection) a dividend of £30,000k to be paid to LVGIG. Subsequently, £130,000k of share capital is to be injected into Liverpool Victoria Insurance Company Limited.