AWP ASSISTANCE UK LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year end 31st Decmeber 2017.

Allianz Partners

Registered Number 1710361

AWP ASSISTANCE (UK) LIMITED

Annual report and financial statements

Registered number 1710361

31 December 2017

Contents

Strategic Report

Overall company strategy

Our strategy continues to be a leading specialist assistance provider in our main lines of business, which are: Automotive, Travel and Consumer Specialty, Home and Property and Health.

Our strategy is aligned with the Allianz Partners Group and with Allianz Strategic pillars (Inclusive Meritocracy, Technical Excellence, Digital by Default, True Customer Centricity and Growth Engines).

We develop our revenue streams by working with our business partners to provide effective insurance and assistance solutions 24/7 to their clients. Our business model is mainly B2B2C (business to business to customer). The brand of our business partners is usually used in the delivery of the service.

We focus on:
- Meeting our business partners' needs
- Providing excellent customer service
- Treating customers fairly
- Developing new products and services and new routes to market for our services
- Attracting new business partners
- Attracting, motivating and retaining talented people
- Achieving our shareholders objectives

Markets and services

Roadside Assistance

Our core market is providing roadside assistance services to individuals on behalf of car manufacturers and financial services companies. Roadside assistance was by far our largest income stream in 2017. This market is still dominated by the Automobile Association and the RAC. Other competitors are Green Flag, Aria and other smaller operators.

Our objective continues to be the premium quality provider to this market and this is demonstrated by the fact that we continue to enjoy very high roadside repair rate and customer satisfaction ratios.

The number of retail new cars registered in the UK decreased in 2017 by 5.7% (2016: increase 2.3%) but there was less reduction within the fleet sector at 4.7% (2016: increase 4.8%). A decrease in new car registrations is expected to continue for 2018 following the vote to leave the EU. There was a decrease of 0.1 million new cars in 2017 after a record year exceeding 2.6 million in 2016.

We estimate that our market share of the Manufacturer new vehicle market (Roadside Assistance included with the sale of the vehicle) has decreased in 2017 (2016: 23%) having lost one major client in the year and, of those retained clients having a challenging year in a difficult market, reducing slightly more than market average. In 2017, we further expanded a digital Roadside Assistance on Demand proposition and continued to work with manufacturers on telematics solutions.

Warranty Administration

Our core proposition is to provide a full service to our business partners on their behalf either for their vehicles manufacturers' warranties or for insured warranties sold at the end of the manufacturer's warranties. Services provided are policy sales, fulfilment, claims handling and general administration. For insured warranties the products are underwritten by an insurer and the Company acts as an insurance intermediary.

We have enjoyed consistent growth in the warranty market over the last five years. Warranty administration continues to be our second largest income stream.

We estimate that our share of the vehicle manufacturers' warranty market remained consistent with the prior year in 2017. Car Care Plan is the largest supplier to this market place, followed by ourselves and a number of smaller providers.

Strategic Report

Home Assistance

We increased our footprint during 2017 in Home Assistance (Home Emergency and Boiler Cover) with the signing of new clients. Our aim is to continue to grow this product line.

Customer Relationship Management activities

We originally developed outsourced activities for our business partners to support their goals for customer retention. In the most recent years, revenue has reduced following reductions in client requirements.

The market is very fragmented between a large number of operators such as outsourcing companies or marketing agencies. The Company has an insignificant market share.

Travel Assistance and Consumer Specialty Insurance

Our aim is to provide a full service to our business partners on their behalf for companies promoting travel insurance products such as airlines, tour operators, internet travel agents, insurance brokers and financial institutions. Services provided are policy sales, fulfilment, claims handling, medical assistance and general administration. The risk is underwritten by an insurer and the company acts as an insurance intermediary.

The revenue has increased as a result of contract wins in business underwritten by our insurance partners.

The largest provider to this market is AXA, followed by a large number of smaller competitors including Mapfre Assistance, Aviva and AmTrust. We see some potential growth opportunities in the travel and specialty insurance arena.

Key performance indicators

Our key financial performance indicators (KPIs) are those that are used to review our activities with our shareholders and quality criteria agreed with our clients.

These KPIs comprise:	**2017**	**2016**
- Turnover	62,649,185	70,683,297
- Earned Income	63,242,415	71,601,404
- (Reduction) / Growth of Turnover	(11.4%)	1.7%
- Combined ratio (Profit before tax and before interest in % of earned revenue)	91.2%	92.8%
- Profit before tax	6,494,149	6,231,717

The company considers that these KPIs and their evolution can be derived from the primary financial statements presented on pages 9 to 12.

The Directors believe that to achieve the financial performance the employee engagement is crucial and a key indicator of this is the Allianz Engagement Survey results where the company seeks to outperform the Allianz Group UK norm. In 2017, the results were lower than 2016, but met our expectations.

Risk management

The company is exposed to financial risk through its financial assets and liabilities. Risks include market risk, credit risk, liquidity risk, foreign exchange risk and operational risk.

Market risk
Market risk is the potential adverse financial impact of changes to interest rates and equity prices.

The investment policy and the list of approved financial institutions including limits are reviewed every year by the board of directors.

Strategic Report

Credit risk
The greatest risks to the company are in relation to deposits with credit institutions, commercial clients and insurers.

These risks are mitigated by the following:
The recent financial and economic situation has led to a switch from UK term deposits to the utilisation of a centralised cash pool of Allianz S.E., the company's ultimate parent company, which reduces our exposure to credit risk of financial institutions.

The amounts due by clients and insurers are reviewed by the credit control team in conjunction with the business development managers. A conservative bad debt provision Group policy has been implemented.

Management considers that the financial impact of non-payment by corporate clients is reduced because payment is received in advance of rendering the services for the largest segment of our Roadside Assistance and Warranty business.

Liquidity risk
The most significant payments are staff costs, towing agents, car hire and the purchase of vehicles for our own breakdown patrols for which costs are predictable. The company has managed its cash position in order to have a certain level of liquid cash available to manage all short term needs. Excess cash deposited in the centralised Allianz S.E. cash pool still allows additional liquidity to be available very quickly. The company believes it is the best mechanism to ensure that cash is available to settle liabilities as they fall due.

Foreign exchange risk
The company's receipts and expenses are mainly issued in British pounds. The main exposure to foreign exchange is through foreign hospital bills which are recharged to insurers. For this reason, the company has decided to accept the residual currency risk. It is not considered as significant by management.

Operational risk
Operational risks arise from external events, human errors, systems errors or inadequate internal controls. These risks are, for example, fraud, business continuity, tax, legal, information technology, information security and compliance. The review of these risks is the responsibility of the senior management team and a risk manager who monitor this aspect of the business. A risk appetite policy has also been implemented recently by the company and is in line with Group policy.

Each year, the material operational risks facing the company are reviewed and communicated to the Allianz Partners Group.

Currently, the management consider that the main operational risks are:

- The risk of interruption of services as an assistance company operating on a 365/24 basis; this risk is critical.
  The company has in place a business continuity plan, including an alternative call centre located in an adjacent town. This plan is reviewed on a regular basis and we undertake an annual full test of these arrangements.
- The risk of losing a large business partner; this would have a negative impact on the company's turnover and results.
  This risk is partly mitigated by ensuring that contractual service levels are monitored on a regular basis and proactive and positive relationships are built with the existing clients.

By order of the board

Neil Travell
Company Secretary
Mondial House
102 George Street
Croydon
Surrey
CR9 6HD

23 March 2018

Directors' report

Introduction

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets. The financial statements of the company for the year ended 31 December 2017 have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued by the Financial Reporting Council.

Principal activities

The company makes arrangements for the provision of emergency services for travellers and their vehicles and arrangements for the provision of other assistance services including claims handling and warranty fund and policy administration.

Business review

The company is a wholly owned subsidiary of Allianz Partners S.A.S., which is ultimately owned by Allianz S.E.

The company is a fully authorised Insurance Intermediary and is regulated by The Financial Conduct Authority with reference number: 311909.

The financial strength of the balance sheet on page 10 of the financial statements shows that the company, at the end of 2017, continues to be in a strong position. The net assets of the company as at 31st December 2017 were £7.75m (2016: £8.5m).

The company has had another successful year exceeding growth expectations. As shown in the Strategic report the company achieved a Combined Ratio of 91.2%.

The directors have prepared the financial statements on a going concern basis because they fully intend the company to continue to trade in its current manner for the foreseeable future. The company is expected to generate positive cash flow from its operating activities.

The directors do not regard the net current liabilities position as an issue to going concern and as stated on page 3, under Liquidity risk, they will be able to manage liquidity needs. The company will be able to realise its assets and discharge its liabilities in the normal course of business.

Proposed dividend

The directors have proposed a final ordinary dividend of £6,300,000 (£46.29 per share) in respect of the current financial year. This has not been included within creditors, as it was not approved before the year-end.

Dividends paid during the year comprise a final dividend of £5,859,110 (£43.05 per share) in respect of the previous year ended 31 December 2016 (2015: £4,090,986: £30.06 per share).

Directors' report

Directors and their interests

The directors who held office during the year were as follows:

R.H.D.M. Grenier
A.P.D. Lancaster (Non-executive director)
M.D. Webb (Non-executive director)
I.B. Luka-Lognoné
W.A. Snijders
S.A.R. Corel (resigned 1st February 2018)
None of the directors had a beneficial interest in the shares of the company.

Insurance of directors and employees

The company purchases and maintains liability insurance cover in respect of the acts of the directors and employees of the company.

Employee involvement and disabled employees

It is the company's policy to keep employees informed, through internal publications and other communications, on matters affecting them as employees. It is also the company's policy that proper consideration is given to applications for employment received from disabled persons, and to give employees who become disabled every opportunity to continue their employment.

Charitable donations

During the year the company made contributions for charitable purposes amounting to £11,809 (2016: £6,683). The company made no political contributions during the year (2016: £ Nil).

Policy on payment of creditors

It is the company's policy to pay suppliers within their credit terms, and on average the company took 29 days (2016: 25 days) to pay its suppliers during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

KPMG LLP, and its predecessor firms, have been the external auditor of AWP Assistance UK Limited. An external audit tender was conducted at the Allianz Group level with a view to rotating the external audit firm for the 2018 year-end audit onwards. KPMG LLP was not asked to tender. On completion of the tender process the Group Board announced that it had appointed PwC as Allianz Group's statutory auditor with effect from the 2018 financial year.

By order of the board

Neil Travell
Company Secretary
Mondial House
102 George Street
Croydon
Surrey
CR9 6HD

23 March 2018

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

By order of the board

Neil Travell
Company Secretary

102 George Street
Croydon
Surrey
CR9 6HD

23 March 2018

Independent Auditor's Report to the members of AWP Assistance (UK) Limited

Opinion

We have audited the financial statements of AWP Assistance (UK) Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity and Cash flow statement and related notes, including the accounting policies in note1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards of Auditing (UK) ("ISAs (UK") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express and audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in so doing, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion, the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Kushan Tikkoo

Kushan Tikkoo (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

23 March 2018

Profit and loss account and Other Comprehensive Income

	Note	2017 £	2016 £
Turnover		62,649,185	70,683,297
Movement on deferred income account		593,230	918,107
Earned income		63,242,415	71,601,404
Cost of sales	2	(33,017,539)	(36,767,702)
Gross profit		30,224,876	34,833,702
Administrative expenses		(24,844,109)	(29,723,969)
Operating profit	4	5,380,767	5,109,733
Profit on sale of fixed assets		178,458	62,674
Interest receivable and similar income		897,032	1,005,348
Amounts recovered on written off investments	5	39,790	55,706
Interest payable and similar expenses	6	(1,898)	(1,744)
Profit before taxation		6,494,149	6,231,717
Tax on profit	7	(1,415,906)	(1,372,607)
Profit for the financial year		5,078,243	4,859,110

The Company has no recognised gains and losses other than shown in the Profit and Loss Account and therefore no separate Other Comprehensive Income statement has been presented. All results relate to continuing operations.

The notes on pages 13 to 21 form part of these financial statements.

Balance Sheet

	Note		2017		2016
		£	£	£	£
Fixed assets					
Tangible fixed assets	9		1,330,449		1,204,816
Loans to parent company	10		40,000,000		37,500,000
Current assets					
Stocks	11	133,118		298,011	
Debtors: amounts falling due within one year	12	51,454,676		41,340,244	
Cash at bank and in hand	17	11,817,353		26,583,221	
		63,405,147		68,221,476	
Creditors: amounts falling due within one year	13	(77,790,842)		(81,100,303)	
Provisions: amounts falling due within one year	21	-		(238,980)	
Net current liabilities			(14,385,695)		(13,117,807)
Total assets less current liabilities			26,944,754		25,587,009
Creditors: amounts falling due after more than one year	14		(18,612,933)		(16,474,321)
Provisions: amounts falling due after more than one year	21		(580,000)		(580,000)
Net assets			7,751,821		8,532,688
Capital and reserves					
Called up share capital	15		1,360,940		1,360,940
Profit and loss account			6,390,881		7,171,748
Shareholders' funds	16		7,751,821		8,532,688

The notes on pages 13 to 21 form part of these financial statements.

These financial statements were approved by the board of directors on 23 March 2018 and signed on its behalf by:

M. D. Webb
Director

Company registered number: 1710361

Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2016	1,360,940	6,403,624	7,764,564
Total comprehensive income for the period:			
Profit for the period		4,859,110	4,859,110
Dividends paid		(4,090,986)	(4,090,986)
Balance at 31 December 2015	1,360,940	7,171,748	8,532,688
Balance at 1 January 2017	1,360,940	7,171,748	8,532,688
Total comprehensive income for the period:			
Profit for the period		5,078,243	5,078,243
Dividends paid		(5,859,110)	(5,859,110)
Balance at 31 December 2017	1,360,940	6,390,881	7,751,821

The notes on pages 13 to 21 form part of these financial statements.

Cash Flow Statement

Reconciliation of operating profit to net cash inflow from operating activities	2017 £	2016 £
Operating profit	5,380,767	5,109,733
Depreciation charges	786,697	963,469
Movement in deferred income	(593,230)	(918,107)
Decrease/(increase) in stocks	164,893	(88,091)
(Increase)/decrease in debtors	(17,816,231)	4,348,756
(Decrease) in creditors	(702,642)	(4,180,462)
Net cash inflow from operating activities	(12,779,746)	5,235,298
Returns on investments and servicing of finance:		
Interest received	918,025	1,084,825
Interest paid	(1,898)	(1,744)
Dividends received on written off investment	39,790	55,706
Net loan repaid from parent company	5,000,000	5,000,000
	5,955,917	6,138,787
Taxation		
Corporation tax paid	(1,349,055)	(1,080,800)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,004,362)	(566,006)
Sale of tangible fixed assets	270,488	218,633
	(733,874)	(347,373)
Dividends paid	(5,859,110)	(4,090,986)
(Decrease)/increase in cash in the period	(14,765,868)	5,854,926

Notes to the cash flow statement are on page 19.

The notes on pages 13 to 21 form part of these financial statements.

Notes

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules and in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2017 and the comparative information presented in these financial statements for the year ended 31 December 2016.

As the company is a wholly owned subsidiary of Allianz Partners S.A.S (incorporated in France), the company has taken advantage of the exemption contained in FRS 102.33 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

The directors consider that the company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and that the company will be able to realise its assets and discharge its liabilities and manage liquidity needs in the normal course of business. Accordingly, the directors do not regard the net current liabilities position as an issue and continue to adopt the going concern basis in preparing the financial statements.

(b) Turnover

Turnover, which excludes Value Added Tax, represents assistance income receivable during the accounting period. Income which relates to services to be provided after the balance sheet date is deferred. Deferred income is computed on a monthly pro rata basis and the movement during the accounting period is shown separately.

(c) Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over the estimated useful economic lives as follows:

Computer equipment	33 1/3% per annum
Furniture, fixtures and other equipment	10 - 33 1/3% per annum
Leasehold improvements	Life of lease
Motor Vehicles	25% per annum
Tools	33 1/3% per annum

(d) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.29.

(e) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes

(f) **Leases**

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

(g) **Post-retirement benefits**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

(h) **Stocks**

Stocks are stated at the lower of cost or net realisable value.

(i) **Cash**

Cash balances include funds held in separately designated bank accounts through which warranty transactions for significant customers are processed The corresponding warranty fund liabilities are classified under 'creditors' in the balance sheet. Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

(j) **Dividends on shares presented within shareholders' funds**

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year-end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2. Cost of sales

Cost of sales consists of that proportion of assistance income which is payable directly to third parties and of direct costs with regards to technicians employed by the company to service its contracts.

3. Restructuring costs

The company has no costs to be considered as restructure costs in 2017.

4. Notes to the profit and loss account

Operating profit is stated after charging:	2017 £	2016 £
Auditor's remuneration		
- audit of these financial statements	37,500	33,000
Depreciation of owned fixed assets (see note 9)	786,697	963,469
Operating lease rentals (see note 22)	999,600	2,034,237
Directors emoluments (see note 18)	478,571	484,740
Foreign exchange losses	438,076	119,590
	========	========

Notes

5. Amounts recovered on written off investments

The company has a Certificate of Deposit with Kaupthing Singer Friedlander of £3,183,201 including interest due when this company was put under administration. The company decided to make an impairment provision of 100% of the amount due as at 31 December 2008. In 2017, the administrators of Kaupthing Singer Freelander paid a dividend of £39,790, being 1.25p in the £ (2016: £55,706, being 1.75p in the £). A release of the impairment provision was made for the amount received of £39,790 in 2017 (2016: £55,706). The total distribution to the end of 2017 has been 85.5p in the £.

On the basis of current forecast recoveries, the administrators currently estimate that total distributions should be in the range of 86.25p to 87p in the £ (2016 expectation: 86p in the £). The administration has been extended to 2018 and there has been a declaration to pay further dividends in the future although no specific timing and value declared. For this reason, the company decided to treat any further recovery on its Certificate of Deposit as a contingent asset.

6. Interest payable and similar expenses

	2017 £	2016 £
EONIA rate movements	1,898	1,744

7. Taxation on profit on ordinary activities

7. a) Analysis of charge in period

	2017 £	2016 £
United Kingdom corporation tax		
UK Corporation tax on profits for the year	1,235,100	1,266,342
Changes in taxation rate	-	12,425
Total current tax charge	1,235,100	1,278,767
Deferred tax		
Deferred tax previous year	79,908	29,668
Origination/reversal of timing difference	100,898	64,172
Total taxation charge on profit on ordinary activities	1,415,906	1,372,607

Notes

7. b) Reconciliation of effective taxation rate

The current tax charge for the period is lower (19%) than the standard rate of Corporation Tax in the UK (2016: 20.5%). The differences are explained below.

Current tax reconciliation	2017 £	2016 £
Profit on ordinary activities before tax	6,494,149	6,231,717
Current tax at 19.25% (20% in 2016)	1,250,122	1,246,342
Effects of:		
Expenses not deductible for tax purposes	23,100	32,535
Gain on sale of fixed assets	-	(12,535)
Adjustments to tax charge in respect of previous periods	(38,122)	12,425
Total current tax charge	1,235,100	1,278,767

7. c) Deferred tax position

Deferred tax is calculated in 2017 based on a 19% tax rate (19% in 2016)	2017 £	2016 £
Difference between accumulated depreciation and capital allowances	735,742	805,633
Other timing differences	447,645	558,560
Deferred tax asset	1,183,387	1,364,193

A reduction in the UK corporation tax rate from 20% (effective from 1 April 2015) to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

7. d) Factors that may affect future tax charges

There are no known specific factors other than group relief that may affect future tax charges (2016: none).

8. Dividends

In 2017 dividends of £5,859,110 (£43.05 per share) were paid (2016: £4,090,986 - £30.06 per share). Further dividends of £6,300,000 have been proposed to be paid in 2018 and not recognised as liabilities as at the year end.

Notes

9. Tangible fixed assets

	Furniture & fixtures	Computer equipment	Motor Vehicles	Tools	Total
Cost		£	£	£	£
At beginning of year	4,639,016	7,855,544	2,972,343	2,635,531	18,102,434
Additions	153,507	133,598	435,253	282,004	1,004,362
Disposals	-	-	(602,163)	(58,143)	(660,306)
At end of year	4,792,523	7,989,142	2,805,433	2,859,392	18,446,490
Depreciation					
At beginning of year	4,542,019	7,503,116	2,261,497	2,590,986	16,897,618
Charge for year	28,651	251,366	404,026	102,654	786,697
On disposals	-	-	(541,131)	(27,143)	(568,274)
At end of year	4,570,670	7,754,482	2,124,392	2,666,497	17,116,041
Net Book value at At 31 December 2017	221,853	234,660	681,041	192,895	1,330,449
Net Book value at At 31 December 2016	96,997	352,428	710,846	44,545	1,204,816

10. Loans to parent company

In November 2015, the company provided a two year loan to its parent company, Allianz Partners S.A.S. for £15 million at 1.3096% per annum over the loan term for redemption in November 2017. This loan was redeemed as per the agreement.

In September 2015, £7.5 million was loaned at 1.5672% per annum over the loan term for redemption in September 2018.

In November 2015, £15 million was loaned at 1.8713% per annum over the loan term for redemption in November 2019.

In May 2016, £15 million was loaned at 1.8283% per annum over the loan term for redemption in May 2020.

In December 2017, £10 million was loaned at 1.1093% per annum over the loan term for redemption in December 2020.

Notes

11. Stocks

	2017 £	2016 £
Spare parts	133,118	298,011

The fleet of vehicles owned by the company contains spare parts, used for replacement of defective parts identified during the assistance of a vehicle.

12. Debtors: amounts falling due within one year

	2017 £	2016 £
Trade debtors	26,767,280	11,793,809
Amounts owed by group undertakings	9,703,894	18,900,954
Other debtors	10,050,011	8,016,460
Prepayments and accrued income	3,750,104	1,264,828
Deferred tax asset (see note 7. c)	1,183,387	1,364,193
	51,454,676	41,340,244

13. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	14,078,979	12,117,686
Amounts owed to Group undertakings	582,776	1,197,204
United Kingdom corporation tax	658,317	772,272
Other taxation and social security	831,405	1,457,493
Other creditors	17,302,317	9,062,448
Deferred income	23,869,409	26,362,270
Accruals	20,467,639	30,130,930
	77,790,842	81,100,303

14. Creditors: amounts falling due after more than one year

	2017 £	2016 £
Deferred income	18,612,933	16,474,321

15. Called up share capital

	Ordinary shares of £10 each	
	2017	2016
Authorised:		
Value	£2,500,000	£2,500,000
Number	250,000	250,000
Allotted, called up and fully paid:		
Value	£1,360,940	£1,360,940
Number	136,094	136,094

Notes

16. Reconciliation of movements in equity shareholders' funds

	2017 £	2016 £
Profit for the financial year	5,078,243	4,859,110
Dividends on shares classified in Shareholders' funds	(5,859,110)	(4,090,986)
Retained (loss)/profit	(780,867)	768,124
Opening shareholders' funds	8,532,688	7,764,564
Closing shareholders' funds	7,751,821	8,532,688

17. Analysis of changes in net funds

	At 1 January 2017	Cash flow	At 31 December 2017
Cash at bank and in hand	26,583,221	(14,765,868)	11,817,353

18. Remuneration of directors

	2017 £	2016 £
Directors' remuneration	473,464	470,633
Company contributions to money purchase pension schemes	5,107	14,107
	478,571	484,740

Retirement benefits are accruing under money purchase schemes for one director (2016: one director).

Emoluments of the highest paid director

	2017 £	2016 £
Emoluments	324,833	321,814
Contributions to pension schemes	5,107	14,107
	329,940	335,921

Notes

19. Staff numbers and costs

(a) The average number of persons employed by the company, including directors, during the year, analysed by category was as follows:

Number of employees	2017	2016
Selling	44	50
Operation and administration	502	602
	546	652

(b) Employment costs:

	2017 £	2016 £
Wages and salaries	21,404,278	25,125,148
Social security costs	2,324,224	2,829,363
Other pension costs (see note 20)	1,676,354	1,829,380
	25,404,856	29,783,891

20. Pension scheme

	2017 £	2016 £
Pension costs	1,676,354	1,829,380

The company operates a defined contribution pension scheme. The pension costs charge for the year represents contributions payable by the company to the scheme. Contributions amounting to £53,933 (2016: £173,613) were payable to the scheme and are included in creditors.

21. Provisions

In accordance with FRS 102.21, the company has onerous contract provisions as at the end of 2017 of £Nil (£238,980 in 2016). The reduction for the year was £238,980 (2016 release: £716,878).

The provision of £580,000 is in place to cover extraordinary costs if the warranty business line was terminated with no future revenue stream expected to cover function closure costs.

22. Obligations under operating lease

At 31 December 2017 the company had no annual commitments under non-cancellable operating leases on land and building which expire after five years (2016: £Nil).

The company had annual commitments under non-cancellable operating leases on land and building which expire between one year and five years of £700,000 (2016: £700,000).

The company had annual commitments under non-cancellable operating leases of land, building and vehicles, which expire within a year of £299,600 (2016: £1,334,237).

Notes

23. Ultimate parent company and parent company of larger group

The parent company is Allianz Partners S.A.S. (incorporated in France) and the ultimate parent company is Allianz S.E. (incorporated in Germany). The largest group in which the results are consolidated is that headed by Allianz S.E. The smallest group in which the results of the company are consolidated is that headed by Allianz Partners S.A.S.

The consolidated financial statements of these groups are available from Allianz Partners S.A.S, 7 rue Dora Maar, 93400 Saint Ouen, France.