

**AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2015**

**Registered number: 01674675**

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# **AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 JANUARY 2015**

The directors present their strategic report and audited financial statements of Automobile Association Underwriting Services Limited ("the Company") for the year ended 31 January 2015.

#### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the Company is to transact general insurance business within the UK as regulated by the Financial Conduct Authority. This business is introduced by various other members of the AA Group on an arms-length basis.

During the year ended 31 January 2009, the directors took the decision to cease to write all personal business lines and to cease to write commercial business lines in line with contract expiry (mostly within one year of the balance sheet date). This commenced 1 June 2008. No new contracts have been written since February 2014 and the Company is in run-off. New and renewal business for the Company's products is underwritten by another regulated underwriter in the Acromas Group.

The Company's profit and loss account for the year is set out on pages 6 and 7.

During the year, technical income has decreased from £49,000 to £6,000. Profit before tax has increased from £5,000 to £85,000.

The directors are satisfied with the financial position of the Company and expect the level of solvency to remain in excess of the requirements set by the Prudential Regulation Authority.

#### **KEY PERFORMANCE INDICATORS**

The directors use the following key performance indicators to monitor the development, performance and position of the business:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Net assets less intercompany debtors	<b>3,852</b>	<b>3,814</b>
Solvency capital requirement	<b>1,961</b>	<b>2,126</b>
Solvency margin	<b>196%</b>	<b>179%</b>
Claims ratio	<b>700%</b>	<b>194%</b>

The claims ratio is calculated as claims incurred, net of reinsurance, divided by total technical income.

**AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

**STRATEGIC REPORT (continued)**

**FOR THE YEAR ENDED 31 JANUARY 2015**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company is part of the AA plc Group and its financial risks are managed centrally by the Group Treasury team taking into account the Company's position as part of the group with due consideration being given to the impact of transactions with other group entities. The most important components of financial risk impacting the Company are described below.

Due to the inherent unpredictable nature of future claims, the formation of the provision for claims outstanding is subject to uncertainty.

*Interest rate risk arises from balances held with financial institutions at variable rates of interest. The directors have reviewed the Company's exposure to interest rates and have concluded that the risk is appropriate in relation to the financial results of the Company. No action has therefore been taken to mitigate the Company's exposure to movements in interest rates.*

The Company is exposed to currency risk in respect of transactions with overseas entities based in Europe. The principal currency to which the Company is exposed is the Euro. The directors have reviewed the net exposure to foreign exchange risk and have concluded that no hedging is required. This policy is subject to periodic review.

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Areas where the Company is exposed to significant credit risk are:

- **Reinsurer's share of liabilities.** As primary insurer, the Company must discharge its liability even if a reinsurer fails to pay a claim. The Company has one treaty reinsurer, which is another group company and is monitored on a regular basis to ensure its financial stability.
- **Investments.** Cash is invested in money market funds with a Moody's rating of Aaa-mf. The fund must be a member of the Institutional Money Market Funds Association (IMMFA). The maximum investment in each fund is £200m. This is in line with the Group Treasury Policy.

The Company has in place debt collection policies and procedures to minimise the likelihood of widespread defaults occurring.

Liquidity risk is the risk that cash may not be available to pay obligations when due. The risk is managed centrally with investments made in line with the Group Treasury Policy and ongoing cashflow requirements monitored and reforecast weekly. In addition, the Company's money market fund investments of £4m are available at twenty four hours notice. The directors are satisfied that the Company is not subject to significant liquidity risk.

The Company has put in place rigorous procedures and controls designed to prevent significant risks to the business occurring or to mitigate their effects if they should occur. These controls are monitored both by the Compliance and Internal Audit functions to ensure they are working effectively.

BY ORDER OF THE BOARD



R J H SCOTT  
DIRECTOR

29 April 2015

Registered Office:  
Fanum House  
Basing View  
Basingstoke  
Hampshire  
RG21 4EA

Registered number: 01674675

**AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 JANUARY 2015**

**DIVIDENDS**

The Company has not paid a dividend during the year (2014: £3m).

**DIRECTORS**

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

A K Boland	(resigned 19 December 2014)
R J H Scott	
S D G Douglas	(resigned 31 August 2014)
M Huggins	(appointed 29 January 2015)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 accounting 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; 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 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

**DIRECTORS' REPORT (continued)**

**FOR THE YEAR ENDED 31 JANUARY 2015**

**GOING CONCERN**

The Company's business activities, together with the factors likely to affect its performance and position, and its exposure to claims, interest rate, currency, credit and liquidity risk are described in the Directors' Report on page 3.

The Company has considerable financial resources to meet its liabilities as they fall due and has made provision for future underwriting claims costs. As a consequence, the directors believe 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. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**RE-APPOINTMENT OF AUDITOR**

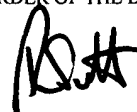
In accordance with section 487(2) of the Companies Act 2006, the Auditor Ernst & Young LLP is deemed re-appointed.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each current director has made enquiries of their fellow directors and the Company's auditor and taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Relevant audit information is that information needed by the auditor in connection with preparing its report. So far as each director approving this report is aware, and based on the above steps, there is no relevant audit information of which the auditor is unaware.

BY ORDER OF THE BOARD



R J H SCOTT  
DIRECTOR

29 April 2015

Registered Office:  
Fanum House  
Basing View  
Basingstoke  
Hampshire  
RG21 4EA

Registered number: 01674675

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

We have audited the financial statements of Automobile Association Underwriting Services Limited for the year ended 31 January 2015 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Annual Report and Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

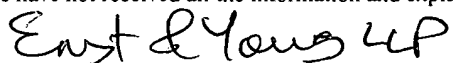
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



John Headley (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

30 April 2015

**AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**TECHNICAL ACCOUNT – GENERAL BUSINESS**

**FOR THE YEAR ENDED 31 JANUARY 2015**

	Notes	2015 £'000	2014 £'000
<b>EARNED PREMIUMS, NET OF REINSURANCE</b>			
Gross and net premiums written	2	-	-
Change in the gross provision for unearned premiums		6	49
<b>TOTAL TECHNICAL INCOME</b>		<u>6</u>	<u>49</u>
<b>CLAIMS INCURRED, NET OF REINSURANCE</b>			
Gross claims paid		36	105
Reinsurer's share		<u>(30)</u>	<u>10</u>
Net claims paid		6	115
Change in the gross provision for claims		(78)	(10)
Change in the provision for claims, reinsurer's share		<u>30</u>	<u>(10)</u>
Change in the net provision for claims		(48)	(20)
<b>CLAIMS INCURRED, NET OF REINSURANCE</b>		(42)	95
Net operating income	4	(1)	(9)
<b>TOTAL TECHNICAL CHARGES/(INCOME)</b>		<u>(43)</u>	<u>86</u>
<b>BALANCE ON THE TECHNICAL ACCOUNT - GENERAL BUSINESS</b>	2	<u>49</u>	<u>(37)</u>

The notes on pages 9 to 16 form part of these financial statements.

**AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT (continued)**

**NON-TECHNICAL ACCOUNT**

**FOR THE YEAR ENDED 31 JANUARY 2015**

	Notes	2015 £'000	2014 £'000
Balance on the technical account – general business		49	(37)
Investment income	5	36	42
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>85</u>	<u>5</u>
Tax on profit on ordinary activities	7	(18)	(2)
<b>PROFIT AFTER TAX</b>		<u><u>67</u></u>	<u><u>3</u></u>

All income and expenditure arises from continuing operations.

The notes on pages 9 to 16 form part of these financial statements.

The Company has no recognised gains or losses other than the results for the financial years reported above and, therefore, no separate statement of total recognised gains and losses is presented.



# AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

## BALANCE SHEET AT 31 JANUARY 2015

	Notes	2015 £'000	2014 £'000
<b>ASSETS</b>			
<b>INVESTMENTS</b>			
Holdings in collective investment schemes		4,000	4,000
<b>REINSURER'S SHARE OF TECHNICAL PROVISIONS</b>			
Claims outstanding		131	160
<b>DEBTORS</b>			
Other debtors	10	<u>9,906</u>	<u>9,878</u>
		<u>9,906</u>	<u>9,878</u>
<b>OTHER ASSETS</b>			
Cash at bank and in hand		15	40
<b>PREPAYMENTS AND ACCRUED INCOME</b>			
Accrued interest and rent		1	1
<b>TOTAL ASSETS</b>		<u><u>14,053</u></u>	<u><u>14,079</u></u>
<b>LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	2,500	2,500
Profit and loss account	12	<u>11,255</u>	<u>11,188</u>
<b>SHAREHOLDER'S FUNDS</b>	13	<u><u>13,755</u></u>	<u><u>13,688</u></u>
<b>TECHNICAL PROVISIONS</b>			
Provision for unearned premiums		1	7
Claims outstanding		<u>279</u>	<u>357</u>
		<u>280</u>	<u>364</u>
<b>CREDITORS</b>			
Other creditors	14	18	27
<b>TOTAL LIABILITIES</b>		<u><u>14,053</u></u>	<u><u>14,079</u></u>

The financial statements on pages 6 to 16 were approved by the board of directors on **29 April** 2015 and were signed on its behalf by:

The notes on pages 9 to 16 form part of these financial statements.



R J H SCOTT  
DIRECTOR

The notes on pages 9 to 16 form part of these financial statements.

# **AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 ACCOUNTING POLICIES**

#### **a) Basis of accounting**

The financial statements of the Company have been prepared in accordance with section 6 of, and Schedule 3 to, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 pursuant to section 396 of the Companies Act 2006. The recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005 as amended in December 2006 ("the ABI SORP") have been adopted.

A summary of the principal accounting policies, which have been applied on a consistent basis with the prior year, is set out below.

#### **b) Premiums written**

All premiums written relate to business incepted in the financial year and are shown gross of any commission due to intermediaries and exclusive of insurance premium tax. The amount includes an estimate of premiums due but not yet received.

#### **c) Unearned premiums**

The provision for unearned premiums represents that proportion of the premiums written relating to the period of the policy that has not expired at the balance sheet date. Income is earned over the life of the contract in place, on a monthly basis.

#### **d) Claims incurred**

Claims incurred comprise claims and related expenses paid in the financial year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years.

#### **e) Claims outstanding provisions**

Provision is made at the year end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the Company. The estimated cost of claims includes expenses to be incurred in settling claims. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

## **AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **1 ACCOUNTING POLICIES (continued)**

##### **e) Claims outstanding provisions (continued)**

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the Company has regard to the claim circumstance as reported and information on the cost of settling claims with similar characteristics in previous periods.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions.

##### **f) Reinsurance written**

Reinsurance premiums are brought into the underwriting account on an accruals basis. The proportion of any premium relating to future periods is carried forward on the balance sheet.

##### **g) Unexpired risks provisions**

The total of unearned premiums and related investment returns in future years is compared with the aggregate estimated future claims and expenses in respect of business in force at the year end. A provision for unexpired risks would be created to meet any anticipated deficiency for each grouping of business which is managed together.

##### **h) Acquisition costs**

Acquisition costs, which represent commission and other related expenses, are deferred and amortised over the period in which the related premiums are earned.

##### **i) Investments**

Investment income is the amount receivable for the period. Investments are included in the balance sheet at current market value. Realised and unrealised investment gains are included in the non-technical account in the period in which they arise.

##### **j) Cash flow statement**

The Company's ultimate parent is AA plc, whose consolidated financial statements are publicly available. The Company is a wholly owned subsidiary and is therefore exempt from the requirement to prepare a cash flow statement.

# **AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **1 ACCOUNTING POLICIES (continued)**

#### **k) Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods that are different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **l) Provisions for liabilities**

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### **m) Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Other exchange differences are taken to the general business technical account.

## **AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **2 SEGMENTAL INFORMATION**

All gross premiums written are in respect of business concluded in the United Kingdom.

Segmental analysis showing the analysis of gross premiums written and earned, gross claims incurred, gross operating expenses and the reinsurance balance is not included since, in the opinion of the directors, such an analysis would be seriously prejudicial to the business.

The financial statements have also been prepared in accordance with applicable UK generally accepted accounting policies, under the historical cost convention and on the going concern basis.

#### **3 MOVEMENTS IN PRIOR YEAR'S PROVISION FOR CLAIMS OUTSTANDING**

A favourable run-off deviation of £42,000 (2014: adverse variance £54,000) was experienced during the year.

#### **4 NET OPERATING INCOME**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Policy acquisition costs	-	-
Change in deferred acquisition costs	-	2
Gross commission	-	2
Other administration income	(1)	(11)
	<u>(1)</u>	<u>(9)</u>

The audit fees in the current year (£8,000 for the audit of the financial statements and £7,000 for other services pursuant to legislation, including the audit of the regulatory return) and prior year (£8,000 for the audit of the financial statements and £7,000 for other services pursuant to legislation, including the audit of the regulatory return) have been borne by another group company.

The Company had no employees (2014: Nil).

The Company's policies are sold through intermediaries and it outsources all its claims management, claims handling and administration to other group companies.

# AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5 INVESTMENT INCOME

	2015 £'000	2014 £'000
Income from other financial investments	<u>36</u>	<u>42</u>

### 6 DIRECTORS' EMOLUMENTS

C T P Jansen, S D G Douglas and A K Boland were remunerated by another Company that is part of the AA plc. R J H Scott and M Huggins are remunerated by another Company that is part of the AA plc. None of these directors received any remuneration during the year in respect of their services as Directors of the Company (2014: £nil). The Company has not been recharged any amount for the emoluments of these directors (2014: £nil).

### 7 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is made up as follows:	2015 £'000	2014 £'000
<b>Current Tax:</b>		
- Group Relief	<u>17</u>	-
<b>Total current tax charge</b>	<u>17</u>	-
<b>Deferred tax:</b>		
- Origination and reversal of timing differences	<u>1</u>	2
- <b>Total deferred tax charge</b> (see note 9)	<u>1</u>	2
<b>Total tax charge on ordinary activities</b>	<u>18</u>	<u>2</u>

The difference between the total current corporation tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	<u>85</u>	<u>5</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.23% (2014: 23.16%)	18	1
Effects of:		
Accelerated capital allowances and other short-term timing differences	(1)	(1)
<b>Total current tax charge</b>	<u>17</u>	-

### 8 DIVIDENDS

	2015 £'000	2014 £'000
Dividend paid	<u>-</u>	<u>3,000</u>

# **AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **9 DEFERRED TAXATION**

Deferred tax assets comprise:

	<b>Amounts recognised</b>	
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Timing differences on:		
Deferred capital allowances	<u>3</u>	<u>4</u>
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Deferred tax at 1 February 2014	4	6
Profit and loss account	<u>(1)</u>	<u>(2)</u>
<b>Deferred tax at 31 January 2015</b>	<b><u>3</u></b>	<b><u>4</u></b>

The Finance Act 2013 reduced the main rate of corporation tax from 21% to 20% with effect from 1 April 2015. As this reduction was substantively enacted in July 2013, the deferred tax balance at 31 January 2015 has been stated at 20%.

### **10 OTHER DEBTORS**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by group undertakings	9,903	9,874
Deferred tax asset (note 9)	<u>3</u>	<u>4</u>
	<b><u>9,906</u></b>	<b><u>9,878</u></b>

The amounts owed by group undertakings are unsecured, have no repayment terms and bear no interest.

# **AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **11 CALLED UP SHARE CAPITAL**

	<b>Notes</b>	<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>£'000</b>
<b>Allotted, called up and fully paid</b>			
2,500,000 ordinary shares of £1 each		<u><b>2,500</b></u>	<u><b>2,500</b></u>

### **12 PROFIT AND LOSS ACCOUNT**

		<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>£'000</b>
<b>Opening balance</b>		<b>11,188</b>	<b>14,185</b>
Profit for the financial year		<b>67</b>	<b>3</b>
Dividends paid	<b>8</b>	<u><b>-</b></u>	<u><b>(3,000)</b></u>
<b>Closing balance</b>		<u><b>11,255</b></u>	<u><b>11,188</b></u>

### **13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

		<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>£'000</b>
Profit for the financial year		<b>67</b>	<b>3</b>
Opening shareholder's funds		<b>13,688</b>	<b>16,685</b>
Dividends paid		<u><b>-</b></u>	<u><b>(3,000)</b></u>
<b>Closing shareholder's funds</b>		<u><b>13,755</b></u>	<u><b>13,688</b></u>

### **14 OTHER CREDITORS**

		<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings		<b>17</b>	<b>25</b>
Other taxation and social security		<u><b>1</b></u>	<u><b>2</b></u>
		<u><b>18</b></u>	<u><b>27</b></u>

The amounts owed to group undertakings are unsecured, have no repayment terms and bear no interest.



## **AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **15 RELATED PARTY TRANSACTIONS**

The directors have taken advantage of paragraph 3(c) of the Financial Reporting Standard No.8 "Related Party Disclosures" which provides exemption from disclosure of any transactions entered into between two or more wholly owned members of the group.

#### **16 ULTIMATE CONTROLLING PARTY**

Following the admission of AA plc to the London Stock Exchange on 26 June 2014, AA plc became the ultimate controlling party and parent undertaking.

#### **17 ULTIMATE PARENT UNDERTAKING**

The Company is a wholly owned subsidiary of Automobile Association Developments Limited.

The parent of the smallest group to consolidate these financial statements is AA Intermediate Co Limited whose registered office is Fanum House, Basing View, Basingstoke, RG21 4EA. The ultimate parent undertaking, which is also the parent of the largest group to consolidate these financial statements, is AA plc whose registered office is at Fanum House, Basing View, Basingstoke, RG21 4EA.

Copies of the consolidated parent financial statements are available from the Company Secretary at the registered office address.