AUTOMOBILE ASSOCIATION INSURANCE SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2021

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Registered number: 02414212

AUTOMOBILE ASSOCIATION INSURANCE SERVICES LIMITED

FOR THE YEAR ENDED 31 JANUARY 2021

STRATEGIC REPORT

The directors present their Annual Report and audited financial statements of Automobile Association Insurance Services Limited ("the Company") for the year ended 31 January 2021.

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company is a wholly owned subsidiary of AA Corporation Limited.

The principal activity of the Company is the provision of insurance intermediary services. The Company is authorised and regulated as a General Insurance Intermediary by the Financial Conduct Authority (FCA).

The COVID-19 pandemic has caused significant disruption across the globe. The impact on society has been reflected in business closures, restrictions on movement, home working and cancellations of sporting and other events, leading to an economic downturn.

Despite the resultant volatility in financial markets, the Company remains in a robust position to continue to perform its primary activity and management have assessed that this will continue to be the case.

The Company's revenue decreased by 7.9% to £257.1m (2020: £279.3m) during the current year. For decision making and internal performance management, management's key performance metrics are revenue and Trading EBITDA, being profit after tax adjusted for depreciation, amortisation, adjusting operating items, share-based payments, income from joint venture, net finance costs and tax expense (see note 3). Trading EBITDA decreased by 18.8% to £116.4m (2020: £143.3m) during the current year.

Operating profit decreased by 17.8% to £112.9m (2020: £137.4m) during the current year and profit before taxation decreased by 17.8% to £113.0m (2020: £137.5m) over the same period, reflecting the ongoing investment in insurance to achieve a 20% increase in Motor policies through reduced commission and additional marketing, which positions the business for long-term growth.

During the year under review, the net solvency capital of the Company for regulatory purposes, represented by net assets, decreased to £279.6m (2020: £298.4m) due to the payment of a dividend of £110.0m (2020: £110.0m) offset by £91.5m (2020: £111.2m) profit for the year.

The directors are satisfied with the performance of the Company in the year and expect the Company to continue to meet solvency requirements set by the FCA. There are currently no plans to alter the principal activities of the Company going forwards and the Company expects to continue to deliver profits while retaining its focus on high levels of customer service.

The directors have had regard to the matters set out in section 172(1) (a) to (f) when performing their duty under section 172 of the Companies Act 2006. For details of how this is accomplished within the AA Limited group, refer to page 28 of AA Limited's Annual Report, being the Company's ultimate controlling party during the 2021 financial year and to whose governance the Company is subject.

RISK MANAGEMENT FRAMEWORK

The Company has developed an embedded enterprise risk management process that facilitates the identification, assessment, escalation and mitigation of the Company's risk exposure across every aspect and activity of its business. This framework enables the Company to manage risk using predefined assessment criteria to ensure residual risk levels are in line with the AA Limited Board's agreed risk appetite.

RISK MANAGEMENT FRAMEWORK (continued)

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 by the Risk, Compliance and Internal Audit functions to ensure they are working effectively.

The principal risks and uncertainties facing the Company are considered to be:

COVID-19 impacting our ability to provide service and/or performance

COVID-19 could cause significant disruptions to our operations, impacting our ability to maintain service to an expected level. COVID-19's short, medium and long term economic impact could affect our ability to execute our strategy, and our performance.

During the first half of FY21, our immediate focus was on operational risks, with several changes to working practices implemented, including homeworking to ensure the safety of our employees and customers. As the pandemic progressed, we took additional steps to manage any potential conduct risks and ensure customer vulnerability was identified and appropriate measures put in place. To minimise the impact of COVID-19 on trading this year, we executed several operational and financial changes to our business that resulted in the deferral and reduction of a range of operating costs across the Company.

We continue to monitor our activities to ensure that the risks and issues posed by COVID-19 on the business are appropriately addressed.

Unable to maintain outstanding service and market share and grow the business in a manner that complements and sustains the brand

The AA's brand and its continued success, and the loyalty of its customers, relies on delivering outstanding service that is superior to the rest of the market. Inadequate investment in technology, systems, people and processes would place this objective at increasing risk.

The AA continues to invest to ensure that we have the optimal patrol and call centre headcount to meet demand, together with training and support to make sure we are well placed to provide a premium service to our customers throughout the year. We carry out ongoing monitoring of complaints, press reports and social media through structured processes, including first line business assurance.

Business and IT transformation is not completed successfully

We must continue to transform the AA to achieve the required efficient customer-centric services and to develop the business.

There is an ongoing delivery capability and technology improvement programme in place with progress tracked at regular Management Business Reviews. A rigorous approach is taken in implementing changes to achieve satisfactory control, with ongoing monitoring and reporting. We have a talent management model in place, where skills gaps are identified, and development and/or recruitment initiatives are actioned.

Unable to protect ourselves from a significant data breach, cyber security incident or failure of IT infrastructure

Following an event or incident, the risk is that critical information is not available where and when it is needed, the integrity of critical information is corrupted or the confidentiality of commercially sensitive, private or customer information is compromised by inappropriate disclosure or a serious data breach.

RISK MANAGEMENT FRAMEWORK (continued)

The AA has an ongoing programme of security improvements to maintain an appropriate level of security against the increasingly sophisticated global cyber threats. Controls include information security awareness training, preventative and detective security, and a specialist information security team with a much improved 24/7 security operations capability, with a focus on incident response and data breach readiness. The AA benchmarks its security controls against the Standard for Information Security (ISO27001), and an annual review of the effectiveness of these controls is performed by an independent third party.

Financial risks

The Group's senior management oversees the management of financial risks, supported by the Group Treasury function. The Group Treasury function ensures that the Group's financial risks are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Company is an obligor of the financial indebtedness of the AA Intermediate Co Limited group which ringfences its debt within a whole business securitisation (WBS) structure. AA Intermediate Co Limited is a parent undertaking of the Company and part of the AA Limited group. The viability and financial success of the Company is therefore tied to the viability and financial success of the AA Intermediate Co Limited group. For more detail see note 1.

A changing regulatory environment may adversely affect the AA's activities

The changing regulatory environment could cause currently compliant services to become non-compliant, with material implications to customer offerings, pricing and profitability. Failure to comply with regulatory obligations could result in fines and reputational damage. Changes in regulatory rules or guidance, legislation or taxation could impact the business model.

To mitigate this risk, close engagement with regulatory objectives is coupled with good governance and strong monitoring processes to ensure that we continue to focus on delivering products and services that result in good customer outcomes. Our regulated Boards continue to actively review pricing practices in line with guidance from the FCA.

The risk that we are unable to achieve desired margin, remain competitive and achieve our growth and profitability objectives

Consumers' ongoing use of price comparison websites (PCWs) may continue to transfer value away from our insurance broking business. The FCA's proposed pricing remedies could inhibit growth and the ability to remain competitive.

We continue to use our strengths in the brand, channels and data to mitigate this risk, to extend our panel of insurers and to engage with regulators in a collaborative way.

ON BEHALF OF THE BOARD

David Coughlan

D COUGHLAN
DIRECTOR
20 May 2021

Registered Office: Fanum House, Basing View, Basingstoke, Hampshire RG21 4EA
Registered number: 02414212

DIRECTORS' REPORT

DIRECTORS

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

J Connor	
T V Holliday	
G R Kirkwood	
P M Bunker	
D W Smith	(resigned 31 May 2020)
D Coughlan	(appointed 15 June 2020)
C Riley	(appointed 1 April 2021)

Company secretary

N Hoosen

DIRECTORS' INDEMNITY

The Company maintains directors' and officers' liability insurance, which gives appropriate cover for any legal action brought against its directors and officers. The Company has also granted indemnities to its directors and officers against all losses and liabilities incurred in the discharge of their duties, to the extent permitted by law. This is a qualifying third-party indemnity provision and was in force throughout the financial year and at the date of approval of the financial statements.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

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.

GOING CONCERN

The Company's business activities, future developments and its exposure to financial risks are described in the business review and risk management framework sections on pages 1 to 3.

The Company has adequate financial resources due to the Company's own net current asset position. The directors have reviewed projected cash flows for a period of one year from the date of signing these financial statements and have concluded that the Company has sufficient funds to continue trading for this period and the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Further, the directors believe that the Company has adequate financial resources due to the available cash resources of the AA Limited group and more specifically, the AA Intermediate Co Limited group, which can be drawn upon.

For the AA Limited group's longer-term viability, it remains a key assumption of its directors that the AA Limited group continues to have ready access to public debt markets to enable its borrowings to be refinanced in due course. The AA Limited group directors propose a refinancing of the group's Class A5 Notes in advance of their maturity on 31 January 2022. The directors understand that the outstanding £1,997m Class A Notes are trading at a price near par with yields below 4% which indicate that the debt market considers the refinancing risk of the Class A5 Notes to be low. Given the significant deleveraging of the debt at both A Notes and B Notes level, the current pricing of A Notes in the secondary debt markets and the existing Investment Grade rating of BBB- of the A Notes to be issued, the directors are, on this basis, confident that this refinancing will be successful. At the date of approval of these financial statements, there is no other debt with a maturity date within 12 months from the issue of these financial statements.

The AA Limited group directors have considered these points along with the projected cash flows, for a period of one year from the date of approval of these financial statements and have concluded that they have confidence that the AA Limited group will have sufficient funds to continue trading for this period and will be able to secure financing so as to be able to continue to meet its liabilities as they fall due. For more detail see page 60 of the AA Limited group's Annual Report. However, as noted above, the refinancing of the Class A5 Notes, due on 31 January 2022, is not committed at the date of issue of these financial statements. Further to this, the Company has intercompany receivables from and payables to other members of the AA Intermediate Co Limited group, for which settlement is dependent on successful refinancing. This has been reviewed by the directors of the Company in the context of its status as an obligor of the AA Intermediate Co Limited group's borrowings. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern for a period of in excess of a year from the date of issue of these financial statements.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

DIVIDENDS

A dividend of £110.0m was paid during the year in respect of the 2020 financial year (2020: £110.0m paid in respect of the 2019 financial year). The directors propose the payment of a final dividend of £90.0m in respect of the 2021 financial year.

INDEPENDENT AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

ON BEHALF OF THE BOARD

David Coughlan

D COUGHLAN
DIRECTOR

20 May 2021

Registered Office: Fanum House, Basing View, Basingstoke, Hampshire RG21 4EA
Registered number: 02414212

Independent auditors' report to the members of Automobile Association Insurance Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Automobile Association Insurance Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 January 2021; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is an obligor of the AA Intermediate Co Limited group's borrowings and forms part of the corresponding debt security group for which the refinancing of the Class A5 Notes, due on 31 January 2022, is not committed at the date of issue of these financial statements. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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.

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 January 2021 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 regulatory requirements and unethical and prohibited business practices, 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 to increase revenue or reduce expenditure thereby improving the financial performance of the company, and the potential for management bias in accounting estimates such as those relating to the administration and arrangement fee. Audit procedures performed by the engagement team included:

- Discussion with management, internal audit, internal compliance, internal legal counsel and enquiries of the Group's legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulations, and fraud.
- Reviewing correspondence between the company and the Financial Conduct Authority ("FCA") in relation to compliance with laws and regulations, and considering the matters identified in light of our understanding of the sector.
- Challenging significant accounting assumptions and judgements individually and collectively for indications of management bias.
- Designing risk filters to search for journal entries, such as those posted with unusual account combinations or posted by members of senior management with a financial reporting oversight role, and testing those journals highlighted (if any).
- Incorporating elements of unpredictability into the audit procedures performed.
- Reviewing the disclosures in the Annual Report against the specific legal requirements, for example within the Directors' Report.
- Review of Board minutes and relevant meeting minutes, including those with the Audit, Risk and Compliance Committee, for matters relating to any instances of non-compliance with laws and regulations and fraud matters.

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.

Joanne Leeson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
20 May 2021

INCOME STATEMENT

FOR THE YEAR ENDED 31 JANUARY

	Note	2021 £m	2020* £m
REVENUE	2.3(d)	**257.1**	279.3
Cost of sales		**(34.2)**	(28.1)
GROSS PROFIT		**222.9**	251.2
Administrative and marketing expenses		**(110.0)**	(113.8)
OPERATING PROFIT	4	**112.9**	137.4
Income from joint venture	6	**0.2**	0.2
Finance costs	9	**(0.1)**	(0.1)
PROFIT BEFORE TAX		**113.0**	137.5
Income tax expense	10	**(21.5)**	(26.3)
PROFIT FOR THE FINANCIAL YEAR		**91.5**	111.2

* The income statement for the 2020 financial year has been restated to reflect a reallocation of insurance aggregator fees of £24.3m to cost of sales from administrative and marketing expenses as these costs relate to the principal revenue generating activities of the Company.

There is no other comprehensive income or expenditure other than those passing through the income statement, therefore no separate statement of comprehensive income is presented.

The accompanying notes are an integral part of this income statement.

AUTOMOBILE ASSOCIATION INSURANCE SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY

	Note	2021 £m	2020 £m
NON-CURRENT ASSETS			
Intangible assets	**12**	**12.2**	5.5
Property, plant and equipment	**13**	**8.7**	9.3
		20.9	14.8
CURRENT ASSETS			
Trade and other receivables	**14**	**417.2**	424.8
Cash and cash equivalents		**9.7**	8.4
		426.9	433.2
TOTAL ASSETS		**447.8**	448.0
CURRENT LIABILITIES			
Trade and other payables	**15**	**(167.6)**	(139.5)
Current tax payable		**(0.1)**	(8.3)
Provisions	**16**	**-**	(1.4)
Deferred tax liabilities	**11**	**(0.5)**	-
		(168.2)	(149.2)
NON-CURRENT LIABILITIES			
Provisions	**16**	**-**	(0.4)
		-	(0.4)
TOTAL LIABILITIES		**(168.2)**	(149.6)
NET ASSETS		**279.6**	298.4
EQUITY			
Called up share capital	**17**	**19.0**	19.0
Retained earnings		**260.6**	279.4
TOTAL EQUITY		**279.6**	298.4

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

David Coughlan

D COUGHLAN
DIRECTOR

20 May 2021

The accompanying notes are an integral part of this statement of financial position.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY

	Note	Share capital £m	Retained earnings £m	Total equity £m
At 1 February 2019		19.0	277.6	296.6
Profit for the financial year		-	111.2	111.2
Dividends paid	**17**	-	(110.0)	(110.0)
Equity-settled share-based payments	**19**	-	0.6	0.6
At 31 January 2020		**19.0**	**279.4**	**298.4**
Profit for the financial year		-	91.5	91.5
Dividends paid	**17**	-	(110.0)	(110.0)
Equity-settled share-based payments	**19**	-	(0.3)	(0.3)
At 31 January 2021		**19.0**	**260.6**	**279.6**

The accompanying notes are an integral part of this statement of changes in equity.

1 Presentation of financial statements

Automobile Association Insurance Services Limited is a private company limited by shares, incorporated and domiciled in England and Wales, UK.

The Company has adequate financial resources due to the Company's own net current asset position. The directors have reviewed projected cash flows for a period of one year from the date of signing these financial statements and have concluded that the Company has sufficient funds to continue trading for this period and the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Further, the directors believe that the Company has adequate financial resources due to the available cash resources of the AA Limited group and more specifically, the AA Intermediate Co Limited group, which can be drawn upon.

For the AA Limited group's longer-term viability, it remains a key assumption of its directors that the AA Limited group continues to have ready access to public debt markets to enable its borrowings to be refinanced in due course. The AA Limited group directors propose a refinancing of the group's Class A5 Notes in advance of their maturity on 31 January 2022. The directors understand that the outstanding £1,997m Class A Notes are trading at a price near par with yields below 4% which indicate that the debt market considers the refinancing risk of the Class A5 Notes to be low. Given the significant deleveraging of the debt at both A Notes and B Notes level, the current pricing of A Notes in the secondary debt markets and the existing Investment Grade rating of BBB- of the A Notes to be issued, the directors are, on this basis, confident that this refinancing will be successful. At the date of approval of these financial statements, there is no other debt with a maturity date within 12 months from the issue of these financial statements.

The AA Limited group directors have considered these points along with the projected cash flows, for a period of one year from the date of approval of these financial statements and have concluded that they have confidence that the AA Limited group will have sufficient funds to continue trading for this period and will be able to secure financing so as to be able to continue to meet its liabilities as they fall due. For more detail see page 60 of the AA Limited group's Annual Report. However, as noted above, the refinancing of the Class A5 Notes, due on 31 January 2022, is not committed at the date of issue of these financial statements. Further to this, the Company has intercompany receivables from and payables to other members of the AA Intermediate Co Limited group, for which settlement is dependent on successful refinancing. This has been reviewed by the directors of the Company in the context of its status as an obligor of the AA Intermediate Co Limited group's borrowings. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern for a period of in excess of a year from the date of issue of these financial statements.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

The financial statements are prepared in Sterling and are rounded to the nearest £0.1m.

2 Accounting policies

2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS101"). The financial statements are under the historical cost convention and have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The Company takes the exemption under IFRS 10 paragraph 4 and section 400 of the Companies Act 2006 from presenting consolidated financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- IAS 1 paragraphs 10(d) and 10(f),
- IAS 1 paragraph 16 (statement of compliance with all IFRS),
- IAS 1 paragraph 38 (comparative information in respect of Property, Plant and Equipment, and Intangible Assets),
- IAS 1 paragraph 38A (requirement for minimum of two primary statements, including cash flow statements),
- IAS 1 paragraph 111 (cash flow statement information),
- IAS 1 paragraphs 134-136 (capital management disclosures),
- IAS 7 'Statement of cash flows',
- IFRS 7 'Financial Instruments Disclosures',
- IAS 8 paragraphs 30 and 31,
- IFRS 13 paragraphs 91 – 99 'Fair Value measurement',
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers',
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group,
- IAS 24 'Related party disclosures' (key management compensation).

New standards, amendments and IFRIC interpretations

The Company did not identify any new accounting standards coming into effect in the current year with an impact on the financial statements. A number of new accounting standards, amendments and interpretations have been issued and will be effective for years beginning after 1 February 2021, however the Company has not identified any with an expected impact on the financial statements.

2.2 Critical accounting estimates and judgements

Estimates are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management have exercised judgement in applying the Company's accounting policies and in making critical estimates. The underlying assumptions on which these judgements are based, are reviewed on an on-going basis.

The principal estimates and assumptions that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue – Administration and arrangement fee (AAF)

Since June 2015, the Company has charged a separate fee, the AAF, to reflect its role in providing intermediary mediation services to consumer customers buying roadside assistance products. Management identified two performance obligations for the AAF. Firstly, arranging the policy, which is generally deemed to be complete on inception of the policy and the associated income is recognised upfront. The second performance obligation is that related to the on-going administration associated with the policy where the revenue is spread over the life of the policy. Management have exercised judgement in allocating revenue against these two performance obligations in proportion to the costs incurred. This has been based on historic analysis of related costs and timings of recognition and therefore involves a degree of estimation.

2.3 Accounting policies

a) Software and development costs

Software development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied. The asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over its useful life of three to five years.

b) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on property, plant and equipment at rates calculated to write off the costs, less estimated residual value based on prices prevailing at date of acquisition of each asset evenly over its expected useful life as follows:

Freehold land and buildings	50 years
Equipment and vehicles	3 – 10 years

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2.3 Accounting policies (continued)

c) Investments in joint ventures

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are carried in the statement of financial position at cost less impairment.

d) Revenue

Revenue is measured at the fair value of the consideration receivable less any discounts and excluding value added tax and other sales related taxes. Refunds issued for goods and services relating to the current year are netted against revenue.

Commission income from third party insurers is recognised at the commencement of the period of risk on a point in time basis. Additional commission from these insurers may be earned dependent upon the underwriting results of the business insured. This income is recognised when the results of this business can be reasonably determined. Fees received under contracts with breakdown policyholders for arrangement and administration services are allocated against the related performance obligations in proportion to the costs incurred. The arrangement fees are recognised upfront and ongoing administration fees are recognised over the life of the policy.

Where customers choose to pay by instalments, the Company charges interest based on the principal outstanding and disclosed interest rate and recognises this income over the course of the loan.

For all other revenue, income is recognised on a point in time basis at the point the related performance obligation is satisfied, or over time where the performance obligation is satisfied over time. This includes work which has not yet been fully invoiced, provided that it is considered to be fully recoverable.

All revenue arises from one class of business within the United Kingdom. Revenue by destination is not materially different from turnover by origin.

e) Provisions

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. Provision is made on a discounted basis where the time value of money is expected to be material.

f) Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of deferred tax assets is 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 asset to be recovered.

2.3 Accounting policies (continued)

g) Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. They are classified according to the substance of the contractual arrangements entered into. The Company recognises loss allowances for expected credit losses (ECLs) on relevant financial assets.

Trade and other receivables

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised at fair value and are subsequently held at amortised cost. Amounts due from group undertakings have no repayment terms and bear no interest. They are classified as current, recognised at fair value and subsequently held at amortised cost. The Company applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables.

Trade payables

Trade payables are not interest bearing and are recognised at fair value and are subsequently held at amortised cost.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity less than three months.

i) Adjusting operating items

Adjusting operating items are events or transactions that fall within the operating activities of the Company and which, by virtue of their size or incidence, have been disclosed in order to improve a reader's understanding of the financial statements.

In addition, occasionally there are events or transactions that fall below operating profit that are one-off in nature and items within operating profit that relate to transactions that do not form part of the ongoing Company performance and which, by virtue of their size or incidence, have been separately disclosed in the financial statements.

See notes 3 and 5 for further information on the nature of adjusting operating items.

j) Share-based payments

The Company operates a share-based payment incentive scheme for certain directors of the Company.

Share-based payment arrangements in which the Company receives goods or services as consideration for the Group's equity instruments are accounted for as equity-settled share-based payment transactions. The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee cost (see note 19), with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Group's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each statement of financial position date and at settlement date. Any changes in the fair value of the liability are recognised as an employee cost in the income statement.

2.3 Accounting policies (continued)

k) Insurance aggregator fees

Insurance aggregator fees are the costs related to the acquisition of customers from insurance comparison websites. These costs are expensed to the income statement in full at the commencement of the insurance policy except where the risk is underwritten by the Group in which case aggregator fees are initially deferred then expensed over the duration of the policy. These costs are presented in the income statement within cost of sales.

3 ADJUSTED PERFORMANCE MEASURES

Management reviews the Company's results and performance both on a statutory and non-GAAP (non-statutory) basis. The Company's adjusted performance measures are non-GAAP (non-statutory) financial measures and are included in these financial statements as they are key financial measures used by management to evaluate performance. The measures enable management to more easily and consistently track the underlying operational performance of the Company.

Trading EBITDA is profit after tax on a continuing basis as reported, adjusted for depreciation, amortisation, adjusting operating items, share-based payments, income from joint venture, net finance costs and tax expense.

Reconciliation of Trading EBITDA to operating profit

Trading EBITDA is calculated as operating profit before adjustments as shown in the table below:

		for the year ended 31 January	
	Notes	**2021 £m**	2020 £m
Trading EBITDA		**116.4**	143.3
Share-based payments	19	**(0.2)**	(0.7)
Amortisation and depreciation	12,13	**(2.1)**	(1.3)
Adjusting operating items	5	**(1.2)**	(3.9)
Operating profit	4	**112.9**	137.4

Trading EBITDA excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings, such as income or costs which are the result of an isolated, non-recurring event. It also excludes the effects of share-based payments, amortisation and depreciation.

These specific adjustments are made between the GAAP measure of operating profit and the non-GAAP measure of Trading EBITDA because Trading EBITDA is a performance measure required and clearly defined under the terms of the AA Limited group's debt documents and is used for calculating debt covenants. Given the significance of the AA Limited group debt, Trading EBITDA is therefore a key measure for management, enabling them to more easily and consistently track the underlying operational performance of the AA Limited group and its business segments.

4 OPERATING PROFIT

Operating profit is stated after charging:

	2021 **£m**	2020 £m
Amortisation of owned intangible assets (see note 12)	**1.4**	0.6
Depreciation of owned tangible fixed assets (see note 13)	**0.7**	0.7

Auditors' remuneration in respect of the audit of the Company's financial statements for the year ended 31 January 2021 amounted to £289,000 (2020: £283,000). In addition, fees for non-audit services provided by the Company's auditors were £nil (2020: £35,000), relating to other advisory services.

5 ADJUSTING OPERATING ITEMS

	2021 **£m**	2020 £m
Recharge of group adjusting operating costs	**(1.3)**	(1.9)
Conduct and regulatory costs	**(0.6)**	(1.9)
Closure costs of the CARE section of the AAUK pension scheme and the transitional agreement made with employees in that scheme	**(0.6)**	-
Release of provision for conduct and regulatory costs	**1.4**	-
Other adjusting operating items	**(0.1)**	(0.1)
	(1.2)	(3.9)

In the current year, other adjusting operating items comprised a £0.1m loss on disposal of non-current assets. In the prior year, other adjusting operating items comprised £0.1m related to strategic review projects.

6 INCOME FROM JOINT VENTURE

	2021 **£m**	2020 £m
Dividends from joint venture	**0.2**	0.2
	0.2	0.2

Dividends received from the investment in AA Law Limited were £0.2m (2020: £0.2m).

7 EMPLOYEE COSTS

Employee costs during the year were as follows:

	2021 **£m**	2020 £m
Wages and salaries	**45.6**	46.4
Social security costs	**3.9**	4.0
Other pension costs	**4.8**	4.6
Share-based payments	**0.2**	0.7
	54.5	55.7

Employee costs relate to those recharged from Automobile Association Developments Limited, a fellow group company. The average number of employees directly employed during the year was nil (2020: nil).

8 DIRECTORS' REMUNERATION

	2021 £m	2020 £m
Aggregate remuneration in respect of qualifying services	**1.3**	1.3
Contributions to money purchase schemes	**0.1**	0.1
Compensation for loss of office	**0.1**	-
	1.5	1.4

The amounts paid in respect of the highest paid director were as follows:		
Remuneration	**0.7**	0.7
	0.7	0.7

The directors' remuneration costs for J Connor, T V Holliday, P M Bunker and D W Smith for their services as directors are borne by the entity.

All other directors of the Company are also directors of the ultimate parent undertaking (AA Limited) and/or fellow subsidiaries. These directors are remunerated by another company that is part of the AA Limited group. As the directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of the ultimate parent undertaking and fellow subsidiary companies, their full remuneration has been reflected in the disclosure above.

Retirement benefits are accruing for no (2020: no) directors under a defined benefit scheme and 2 (2020: 2) under a money purchase scheme.

9 FINANCE COSTS

	2021 £m	2020 £m
Other interest payable	**0.1**	0.1
	0.1	0.1

10 INCOME TAX EXPENSE

The major components of the income tax expense are:

	2021 £m	2020 £m
Current tax:		
- Current tax on income in the year	**21.1**	25.9
- Adjustments in respect of prior years	**(0.1)**	0.1
	21.0	26.0
Deferred tax:		
- Origination and reversal of temporary differences	**0.5**	0.4
- Adjustments in respect of prior years	**-**	(0.1)
	0.5	0.3
Total income tax expense	**21.5**	26.3

The current tax includes £21.1m (2020: £17.6m) in respect of payments for group losses.

Reconciliation of income tax expense to profit before tax multiplied by the UK's corporation tax rate:

	2021 £m	2020 £m
Profit before tax	**113.0**	137.5
Tax at rate of 19.0% (2020: 19.0%)	**21.5**	26.1
Effects of:		
Expenses not allowable for tax	**0.1**	0.2
Adjustments to tax charge in respect of prior years	**(0.1)**	-
Income tax expense reported in the income statement	**21.5**	26.3

11 DEFERRED TAX LIABILITIES

Deferred tax by type of temporary difference:

	Statement of financial position		Income statement	
	2021 £m	2020 £m	2021 £m	2020 £m
Decelerated capital allowances	**(0.5)**	(0.1)	**0.4**	0.3
Other short-term temporary differences	**0.5**	0.5	**-**	-
Capital gains rolled over	**(0.5)**	(0.4)	**0.1**	-
Deferred tax liabilities	**(0.5)**	-	**0.5**	0.3

	2021 £m	2020 £m
Deferred tax liabilities as at 1 February	**-**	0.3
Tax expense recognised in the income statement	**(0.5)**	(0.3)
Deferred tax liabilities as at 31 January	**(0.5)**	-

11 DEFERRED TAX LIABILITIES (continued)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The March 2020 budget announced that the expected reduction in tax rate to 17% would be cancelled and the 19% rate retained after 1 April 2020. The effect of cancelling the tax rate reduction did not have a material impact on the Company's deferred tax balance. The March 2021 budget announced that the main corporation tax rate will increase to 25% in April 2023. The increased rate will not impact on the Company's current tax for the year ending 31 January 2022. As this new rate is expected to be enacted later in 2021 an assessment will be made on the carrying value of the Company's deferred tax balance, depending on the expected timing of reversals, for the year ending 31 January 2022.

Deferred tax has been recognised at an overall rate of 19% at 31 January 2021 (2020: 17%). The rate has been adjusted to reflect the expected reversal profile of the Company's temporary differences.

12 INTANGIBLE ASSETS

	Software **£m**
Cost	
At 1 February 2020	12.6
Additions	8.3
Disposals	(5.9)
At 31 January 2021	**15.0**
Accumulated amortisation	
At 1 February 2020	7.1
Charge for year	1.4
Disposals	(5.7)
At 31 January 2021	**2.8**
Net book value	
At 31 January 2021	**12.2**
At 31 January 2020	5.5

Within software £4.0m (2020: £3.0m) relates to assets under construction that are not amortised. Software additions comprise £2.1m (2020: £0.7m) in relation to internally developed assets and £6.2m (2020: £2.2m) in respect of separately acquired assets.

Amortisation costs are included within administrative and marketing expenses in the income statement.

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £m	Equipment and vehicles £m	Total £m
Cost			
At 1 February 2020	14.0	5.6	19.6
Additions	-	0.1	0.1
Disposals	-	(2.0)	(2.0)
At 31 January 2021	**14.0**	**3.7**	**17.7**
Accumulated depreciation			
At 1 February 2020	7.4	2.9	10.3
Charge for year	0.3	0.4	0.7
Disposals	-	(2.0)	(2.0)
At 31 January 2021	**7.7**	**1.3**	**9.0**
Net book value			
At 31 January 2021	**6.3**	**2.4**	**8.7**
At 31 January 2020	6.6	2.7	9.3

14 TRADE AND OTHER RECEIVABLES

	2021 £m	2020 £m
Current		
Trade receivables	**119.3**	93.3
Amounts owed by group undertakings	**294.6**	327.2
Other receivables	**0.4**	0.1
Prepayments	**2.1**	1.8
Contract assets	**0.8**	2.4
	417.2	424.8

Amounts owed by group undertakings all relate to undertakings within the AA Intermediate Co Limited group. The balances are unsecured, have no repayment terms and bear no interest.

Included in trade receivables are amounts of £104.9m (2020: £88.0m) relating to amounts due from insurance broking customers.

15 TRADE AND OTHER PAYABLES

	2021 £m	2020 £m
Trade creditors	**79.4**	72.7
Amounts owed to group undertakings	**64.7**	43.2
Accruals	**7.6**	8.8
Deferred income	**14.7**	11.7
Other taxation and social security	**0.1**	2.6
Other creditors	**1.1**	0.5
	167.6	139.5

15 TRADE AND OTHER PAYABLES (continued)

Included in trade creditors are amounts of £78.9m (2020: £72.0m) relating to amounts due to underwriters external to the AA Limited group in respect of insurance broking activities.

Included in amounts owed to group undertakings are amounts of £34.0m (2020: £24.5m) relating to amounts due to underwriters within the AA Limited group in respect of insurance broking activities. Amounts owed to group undertakings are unsecured, have no repayment terms and bear no interest.

At the year end, the Company had capital commitments of £0.4m (2020: £0.7m).

16 PROVISIONS

	Other provisions £m	Total £m
At 1 February 2019	1.8	1.8
At 31 January 2020	**1.8**	**1.8**
Provision utilised	(0.4)	(0.4)
Released unutilised during the year	(1.4)	(1.4)
At 31 January 2021	-	-
Current	-	-
Non-current	-	-
At 31 January 2021	-	-
Current	1.4	1.4
Non-current	0.4	0.4
At 31 January 2020	**1.8**	**1.8**

At 31 January 2020, other provisions included £1.4m relating to anticipated compensation costs for poorly handled complaints. During the current year, an in-depth review was completed and it was determined that this provision was not required, therefore £1.4m was released from other provisions.

Cross company guarantees

The Company is an obligor to the bank loans and bond debt of the AA Intermediate Co Limited group. At 31 January 2021, the principal outstanding on the AA Intermediate Co Limited group debt was £2,766.7m (2020: £2,767.0m).

The covenants governing the bank loans and bond debt of the AA Intermediate Co Limited group place restrictions on the group's ability to distribute cash from the key trading companies to pay external dividends and finance activities unconstrained by the restrictions embedded in the debts. We do not anticipate the bank loans or bond debt being called upon in the 12 months after the signing of these financial statements.

17 CALLED UP SHARE CAPITAL

Allotted, called up and fully paid	2021 £m	2020 £m
19,000,000 (2020: 19,000,000) ordinary shares of £1 each	**19.0**	19.0

During the year, a dividend of £110.0m (2020: £110.0m) was paid to the parent entity, AA Corporation Limited, at 5.8p (2020: 5.8p) per qualifying ordinary share.

The directors propose the payment of a final dividend of £90.0m in respect of the 2021 financial year.

18 INVESTMENT IN JOINT VENTURE

The carrying value of investment in joint venture undertakings is £nil (2020: £nil).

Joint venture

Name	Country	Nature
AA Law Limited (49% interest held)[1]	England and Wales, UK	Insurance services

[1] The Company exercises joint control with Lyons Davidson LLP over AA Law Limited through its equal representation on the Board. AA Law Limited has A and B ordinary shares.

19 SHARE-BASED PAYMENTS

	2021 £m	2020 £m
Equity-settled share-based payments:		
Share-based payments – Insurance LTBP	**(0.3)**	0.6
Total equity-settled share-based payments	**(0.3)**	0.6
Cash-settled share-based payments:		
Share-based payments – Insurance LTBP	**0.5**	0.1
Total cash-settled share-based payments	**0.5**	0.1
Total share-based payments expense	**0.2**	0.7

Insurance Long Term Bonus Plan (Insurance LTBP)

During the 2019 financial year awards were granted under the Insurance LTBP to certain key members of senior management of the AA Limited group's Insurance businesses. These awards vest to specified threshold pound sterling values. The vesting conditions for each threshold are linked to the performance of the AA Limited group's Insurance businesses. The award date for this scheme was 23 January 2019.

The first settlement under this scheme was paid out in shares in respect of awards vesting over the period from 23 January 2019 to 31 July 2020. These were accounted for as equity-settled share-based payments.

Awards under this scheme with vesting periods from 23 January 2019 to 31 July 2021, 2022 and 2023 are expected to be settled in cash. As the terms of this award permit settlement in cash or shares, these awards are accounted for as cash-settled share-based payments.

The total expected value of shares and cash to be awarded under this scheme is £1.9m as at 31 January 2021.

20 ULTIMATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The Company is a wholly owned subsidiary of AA Corporation Limited, a Company registered in England and Wales, UK.

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, Hampshire, RG21 4EA. At 31 January 2021, the ultimate controlling party and parent undertaking, which is also the parent of the largest group to consolidate these financial statements, was AA Limited (see note 21) whose registered office is at Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA.

Copies of the consolidated AA Limited and AA Intermediate Co Limited financial statements are available from the website www.theaacorporate.com/investors.

21 EVENTS AFTER THE REPORTING PERIOD

On 9 March 2021, the Company's ultimate controlling party and parent undertaking, AA Limited (previously AA plc), was acquired by Basing Bidco Limited, a company controlled by TowerBrook Capital Partners (U.K.) LLP and Warburg Pincus International LLC (together, 'the Consortium'). AA Limited's ordinary shares were de-listed from the London Stock Exchange on 10 March 2021. AA Limited was re-registered as a private company on 17 March 2021. A number of new holding companies were incorporated above Basing Bidco Limited and the ultimate parent undertaking of the Company became Basing Consortiumco Limited.