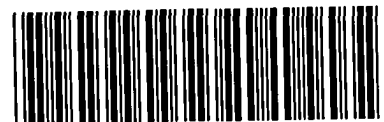


A A THE DRIVING SCHOOL AGENCY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019

Registered number: 02733119

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A A THE DRIVING SCHOOL AGENCY LIMITED

FOR THE YEAR ENDED 31 JANUARY 2019

STRATEGIC REPORT

The directors present the Annual Report and Financial Statements of A A The Driving School Agency Limited ("the Company") for the year ended 31 January 2019.

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS, FUTURE DEVELOPMENTS AND KEY PERFORMANCE INDICATORS

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

The principal activity of the Company is to act as an agent to collect and transfer sums of money for pupils' cash receipts to another company within the group, subject to agency agreements. The Company does not trade.

The statement of financial position on page 7 of the financial statements shows the Company's financial position at the year end.

For decision making and internal performance management, management's key performance metric is net assets. Net assets remained at £2 (2018: £2).

There are currently no plans to alter the principal activities of the Company going forward.

RISK MANAGEMENT FRAMEWORK

The Company is part of the AA plc group which 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 the business. This framework enables the business to manage risk using predefined assessment criteria to ensure residual risk levels are in line with the Board's agreed risk appetite.

The AA plc group ('the Group') 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:

Financial Risk

Financial risks, such as the Group's ability to repay or refinance its debt at an acceptable price, 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.

ON BEHALF OF THE BOARD



21/10/2019

S REES
DIRECTOR

21 OCTOBER 2019

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

A A THE DRIVING SCHOOL AGENCY LIMITED

FOR THE YEAR ENDED 31 JANUARY 2019

DIRECTORS' REPORT

DIRECTORS

The directors who held office during the year and up to the date of signing the accounts, unless stated otherwise, were as follows:

G R Kirkwood	(Appointed 25 July 2019)
S Rees	(Appointed 25 July 2019)
G Pritchard	(Resigned 1 August 2019)
M F Millar	(Resigned 17 April 2018)
M Daly	(Resigned 1 August 2019)
M W Strickland	(Appointed 17 April 2018) (Resigned 1 August 2019)

COMPANY SECRETARY

M F Millar	(Resigned 17 April 2018)
C M Free	(Appointed 17 April 2018) (Resigned 30 January 2019)
N Hoosen	(Appointed 30 January 2019)

DIRECTOR'S 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing 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.

A A THE DRIVING SCHOOL AGENCY LIMITED

FOR THE YEAR ENDED 31 JANUARY 2019

DIRECTORS' REPORT (continued)

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.

DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year (2018: £nil).

GOING CONCERN

The Company's business activities and its exposure to financial risk are described in the Strategic Report on page 1.

The directors believe that the Company has adequate financial resources due to the available cash resources of the AA plc group which can be drawn upon and the Company's own net assets position. The directors believe that the Company is well placed to manage its business risks successfully using the risk management framework described in the Strategic Report and that the residual risks being taken by the Company are commensurate with its financial resources.

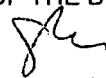
The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

There are currently no plans to alter the principal activities of the Company going forward.

AUDITORS

Pursuant to the AA plc group audit tender process in 2017, Ernst & Young LLP resigned as the Company's auditor following completion of their statutory and regulatory audits for the financial year ended 31 January 2018. PricewaterhouseCoopers LLP were appointed as auditors of the Company for the financial year ended 31 January 2019.

ON BEHALF OF THE BOARD



21/10/2019

S REES

DIRECTOR

21 OCTOBER 2019

Registered Office:

Fanum House

Basing View

Basingstoke

Hampshire

RG21 4EA

Independent auditors' report to the members of A A The Driving School Agency Limited

Report on the audit of the financial statements

Opinion

In our opinion, A A The Driving School Agency Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2019 and of its result 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 2019; 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.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

Independent auditors' report to the members of A A The Driving School Agency Limited

Report on the audit of the financial statements (continued)

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 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 set out on page 2, 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.

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.

Independent auditors' report to the members of A A The Driving School Agency Limited

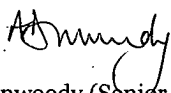
Other required reporting

Companies Act 2006 exception reporting

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

- we have not received 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.



Alison Dunwoody (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
21 October 2019

A A THE DRIVING SCHOOL AGENCY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY

	Notes	2019 £	2018 £
CURRENT ASSETS			
Trade and other receivables	6	3,288,860	4,153,733
TOTAL ASSETS		<u>3,288,860</u>	<u>4,153,733</u>
CURRENT LIABILITIES			
Trade and other payables	7	(3,288,858)	(4,153,731)
TOTAL LIABILITIES		<u>(3,288,858)</u>	<u>(4,153,731)</u>
NET ASSETS		<u>2</u>	<u>2</u>
EQUITY			
Called up share capital	8	<u>2</u>	<u>2</u>
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS		<u>2</u>	<u>2</u>

The Company did not trade during the current or preceding year and has made neither profit nor loss, nor any other recognised gain or loss and as such no separate income statement has been prepared.

Signed for and on behalf of the board of directors by:



21/10/2019

S REES
DIRECTOR
21 OCTOBER 2019

The accompanying notes are an integral part of these financial statements.

A A THE DRIVING SCHOOL AGENCY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY

	Called up Share Capital £	Retained Earnings £	Total £
At 31 January 2018 and 31 January 2019	2	-	2

The accompanying notes are an integral part of these financial statements.

A A THE DRIVING SCHOOL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 PRESENTATION OF FINANCIAL STATEMENTS

A A The Driving School Agency Limited is a private company limited by shares and is incorporated and domiciled in England and Wales.

The financial statements are prepared on a going concern basis.

These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101). The financial statements are prepared under the historical cost convention.

The financial statements are prepared in Sterling and are rounded to the nearest £1.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been applied consistently, other than where new policies have been adopted.

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 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',
- IAS 8 paragraphs 30 and 31, (accounting policies, changes in accounting estimates and errors),
- 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).

2.2 Significant Accounting policies

a) Financial assets and financial 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 and other receivables are amounts due from customers for goods or services performed in the ordinary course of business. They are generally due for settlement on demand and are therefore all classified as current. Trade and other receivables are recognised at fair value and are subsequently held at amortised cost.

Trade payables

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

A A THE DRIVING SCHOOL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2.3 Critical accounting estimates and judgements

The principle judgement relates to the assessment of credit loss allowances for intercompany receivables which requires judgement to assess the collectability of intercompany balances.

As a result of additional information made available to management regarding the ageing of the trade payables balance, management have changed the estimate used to calculate the remaining balance required resulting in an adjustment of £765k which has reduced trade payables with a corresponding decrease to intercompany debtors.

3 GROSS RECEIPTS

Gross pupil receipts for the year ended 31 January 2019, where the Company collects and holds sums of money subject to agency agreements with Driving Schools, totalled £28m (2018: £31m). In accordance with the AA plc group treasury policy this cash is held by Automobile Association Developments Limited a fellow group subsidiary.

4 AUDITORS' REMUNERATION

Audit fees of £2,000 are paid on the Company's behalf by another AA group company with no recharge. Fees paid to the Company's auditors, PricewaterhouseCoopers LLP, and its associates, for services other than statutory audit of the Company, are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, AA plc. The group financial statements comply with the statutory disclosure requirements.

5 DIRECTORS' REMUNERATION

	2019 £	2018 £
Aggregate remuneration in respect of qualifying services:		
Remuneration	568,353	579,947
Money purchase scheme contributions	6,561	5,751
	<u>574,914</u>	<u>585,698</u>

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

Remuneration	242,675	412,105
Contributions to money purchase scheme	6,561	5,751
	<u>249,236</u>	<u>417,856</u>

All directors of the Company are also directors of the ultimate parent undertaking (AA plc) and/or fellow subsidiaries. These directors are remunerated by another company that is part of the AA plc 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 1 (2018: 2) directors under a defined benefit scheme and 1 (2018: 1) under a money purchase scheme. The Company had no employees throughout the year (2018: nil).

A A THE DRIVING SCHOOL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 TRADE AND OTHER RECEIVABLES

	2019 £	2018 £
Amounts owed by group undertakings	<u>3,288,860</u>	<u>4,153,733</u>

Amounts owed by group undertakings are unsecured, are repayable on demand and bear no interest.

7 TRADE AND OTHER PAYABLES

	2019 £	2018 £
Trade payables	<u>3,288,858</u>	<u>4,153,731</u>

Trade payables represent funds payable to driving instructors which has been received from Driving School pupils for lessons to be taken in the future less funds withdrawn by driving instructors for lessons taught.

8 CALLED UP SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid		
2 (2018: 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

The voting rights of the holders of all ordinary shares are the same and all ordinary shares rank pari passu on a winding up.

As at 31 January 2019, the Company had no distributable reserves (2018: £nil).

9 ULTIMATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The Company is a wholly owned subsidiary of Automobile Association Developments Limited, a company registered in England and Wales. AA plc is the ultimate controlling party and parent undertaking.

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 website www.theaapl.com/investors.

10 NEW ACCOUNTING STANDARDS

The Company did not identify any new accounting standards coming into effect in the current year with a material 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 2019, however the Company has not identified any with an expected material effect on the financial statements.