

DRIVING SERVICES UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2013

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DRIVING SERVICES UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2013

The Directors present their report and audited financial statements of Driving Services UK Limited ("the Company") for the year ended 31 January 2013

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company is a wholly owned subsidiary of DriveTech (UK) Limited.

In prior years, the principal activity of the Company was the provision of driver training services. The Company focused on reducing road deaths and serious injuries through offering a range of training.

The Company's key financial and other performance indicators during the year were as follows:

	2013	2012	Change
	£'000	£'000	%
Total expenses	-	(1)	(100%)
Loss before taxation	-	(1)	(100%)
EBITDA	-	(1)	100%

As shown in the Company's profit and loss on page 5, the Company's loss before taxation was £nil compared to £1,000 for the prior year.

The balance sheet on page 6 of the financial statements shows the Company's financial position at the year end. Net liabilities remained at £1,000.

For decision making and internal performance management, management's key performance metric is Earnings before interest, tax, depreciation and amortisation (EBITDA). EBITDA in the current year was £nil compared to (£1,000) for the prior year.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year (2012: £498,000).

DIRECTORS

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

S M Howard
A J P Strong

A K Boland was appointed on 1 May 2013.

DRIVING SERVICES UK LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JANUARY 2013

RISK MANAGEMENT FRAMEWORK

The business 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 principal risks have been grouped into the following categories:

Financial Risk

The Company is part of the Acromas Holdings Limited 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 component of financial risk impacting the Company is credit risk.

Brand Risk

The Company recognises that the AA brand is a key differentiator and source of competitive advantage, and brand damage from low quality products or services could have an adverse impact on the Company. The Company has in place policies and procedures to protect the brand at all times.

The business 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.

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 judgments and accounting estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

DRIVING SERVICES UK LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JANUARY 2013

GOING CONCERN

The Company's business activities and its exposure to financial risk are described in the business review on pages 1 and 2

Despite the Company being in a net liability position, the ultimate parent undertaking has stated that it will provide continuing financial assistance to the Company for the foreseeable future

The directors believe that the Company has adequate resources to continue in 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 director 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

BY ORDER OF THE BOARD



A K BOLAND
DIRECTOR

17 JULY 2013

Registered Office
Fanum House
Basing View
Basingstoke
Hampshire
RG21 4EA

Registered number 03801784

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRIVING SERVICES UK LIMITED

We have audited the financial statements of Driving Services UK Limited for the year ended 31 January 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. 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 2, 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.

Scope of the audit of the 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 2013,
- 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 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.



Kevn Senior (Senior Statutory Auditor)

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

18 July 2013

DRIVING SERVICES UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2013

	Notes	2013 £'000	2012 £'000
Administrative expenses		-	(1)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>-</u>	<u>(1)</u>
Tax on loss on ordinary activities	4	<u>-</u>	<u>(15)</u>
LOSS FOR THE FINANCIAL YEAR	8	<u><u>-</u></u>	<u><u>(16)</u></u>

All expenditure arises from discontinued operations

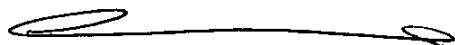
The notes on pages 7 to 9 form part of these financial statements

There are no recognised gains and losses other than those passing through the profit and loss account

DRIVING SERVICES UK LIMITED
BALANCE SHEET AT 31 JANUARY 2013

	Notes	2013 £'000	2012 £'000
CREDITORS (amounts falling due within one year)	6	<u>(1)</u>	<u>(1)</u>
NET CURRENT LIABILITIES		<u>(1)</u>	<u>(1)</u>
NET LIABILITIES		<u><u>(1)</u></u>	<u><u>(1)</u></u>
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and loss account	8	<u>(1)</u>	<u>(1)</u>
SHAREHOLDER'S FUNDS	9	<u><u>(1)</u></u>	<u><u>(1)</u></u>

The financial statements on pages 5 to 9 were approved by the board of directors on 17 JULY 2013 and were signed on its behalf by



A K BOLAND
DIRECTOR

Registered number 03801784

The notes on pages 7 to 10 form part of these financial statements

DRIVING SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards as defined in the Companies Act 2006 s 464

Despite the Company being in a net liability position, the ultimate parent undertaking has stated that it will provide continuing financial assistance to the Company for the foreseeable future

The financial statements are prepared on a going concern basis. A summary of the accounting policies which have been applied on a consistent basis with the prior year, is set out below

b) Cash flow statement

The directors have taken advantage of the exemption available under FRS 1 (Cash flow statements) of the requirement to prepare a cash flow statement as a consolidated cash flow statement has been presented in the financial statements of the ultimate parent undertaking, Acromas Holdings Limited

c) 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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

DRIVING SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013 £'000	2012 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	-	3
Other sundry items	-	(2)
	<u>-</u>	<u>1</u>

The Company's auditor provided no services to the company other than the annual audit during either of the years under review. Audit fees of £1,000 (2012 £3,000) were borne by another group company.

3 DIRECTORS' EMOLUMENTS

S M Howard and A J P Strong are remunerated by Saga Group Limited, a fellow subsidiary of the ultimate parent undertaking, Acromas Holdings Limited, and received total remuneration for the year of £1.5m (2012 £1.4m). Neither of these directors received any emoluments during the year in respect of their services as a director of the Company (2012 £nil). The Company has not been recharged any amount for the emoluments of these directors (2012 £nil).

The Company had no employees throughout the year (2012 nil).

4 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge is made up as follows:

	2013 £'000	2012 £'000
Current Tax		
- Current tax	-	2
Total current tax charge	<u>-</u>	<u>2</u>
Deferred tax		
- Adjustment in respect of prior years	-	13
Total deferred tax	<u>-</u>	<u>13</u>
Total tax charge on ordinary activities	<u>-</u>	<u>15</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 loss before tax is as follows:

	2013 £'000	2012 £'000
Loss on ordinary activities before tax	-	(1)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.33% (2012 26.32%)	-	-
Effects of:		
Expenses not deductible for tax purposes	-	2
Total current tax charge	<u>-</u>	<u>2</u>

DRIVING SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 DIVIDENDS

	2013	2012
Ordinary Equity	£'000	£'000
£4 980 per £1 share	<u>-</u>	<u>498</u>

6 CREDITORS (amounts falling due within one year)

	2013	2012
	£'000	£'000
Corporation tax	<u>1</u>	<u>1</u>

7 CALLED UP SHARE CAPITAL

	2013	2012
Allotted, called up and fully paid	£	£
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

8 PROFIT AND LOSS ACCOUNT

	2013	2012
	£'000	£'000
Opening balance	(1)	513
Dividend	-	(498)
Loss for the financial year	-	(16)
Closing balance	<u>(1)</u>	<u>(1)</u>

9 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2013	2012
	£'000	£'000
Opening shareholder's funds	(1)	513
Dividend	-	(498)
Loss for the financial year	-	(16)
Closing shareholder's funds	<u>(1)</u>	<u>(1)</u>

10 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption within FRS 8 (Related Party Disclosures) in not disclosing transactions with other entities in the Acromas group of companies. There are no other related party transactions.

11 ULTIMATE CONTROLLING PARTY

The directors consider the ultimate controlling party to be funds advised by Charterhouse Capital Partners, CVC Capital Partners and Permira Advisers acting in concert.

12 ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary of DriveTech (UK) Limited, a Company registered in England and Wales.

The parent of the smallest group to consolidate these financial statements is AA 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 Acromas Holdings Limited whose registered office is at Enbrook Park, Folkestone, Kent, CT20 3SE.

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