

**AA ROAD SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2018**



**Registered number: 4447909**

**AA ROAD SERVICES LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2018**  
**STRATEGIC REPORT**

The directors present their strategic report, directors' report and audited financial statements for AA Road Services Limited ("the Company") for the year ended 31 January 2018.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

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

The Company did not trade during the current or prior year. The principal activity of the Company was previously the provision of tyre fitting services through its own resources as well as acting as an intermediary between large fleet companies, independent tyre fitters and dealers.

During the year the Company benefited from an Intercompany debt forgiveness of £1,070k (2017: £nil).

The statement of financial position on page 5 of the financial statements shows the Company's net liability position of £nil (2017: net liability of £1,070k). During the year the company converted from FRS 102 to FRS 101.

**DIVIDENDS**

The Company has paid a dividend of £nil for the year (2017: £nil).

**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 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 risk applicable to the Company is considered to be:

*Financial Risk*

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.

BY ORDER OF THE BOARD

*M. W. Strickland*

M STRICKLAND  
DIRECTOR

27 July 2018  
Registered Office:  
Fanum House  
Basing View  
Basingstoke  
Hampshire  
RG21 4EA

**AA ROAD SERVICES LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2018**  
**DIRECTORS' REPORT**

**DIRECTORS**

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

G Pritchard	
M Neville	(appointed 3 July 2017)
M W Strickland	(appointed 17 April 2018)
M F Millar	(resigned 17 April 2018)

**COMPANY SECRETARY**

C M Hammond

**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 losses and liabilities incurred in the discharge of their duties, to the extent of the assets of the Company and as permitted by law.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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 applicable laws and United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Policies) including FRS101 "Reduced Disclosure Framework". 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AA ROAD SERVICES LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2018**  
**DIRECTORS' REPORT (continued)**

**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 asset 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.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each 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.

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

BY ORDER OF THE BOARD

*M. W. Strickland*

M STRICKLAND  
DIRECTOR

27 July 2018

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

# **AA ROAD SERVICES LIMITED**

## **FOR THE YEAR ENDED 31 JANUARY 2018**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AA ROAD SERVICES LIMITED**

#### **Opinion**

We have audited the financial statements of AA Road Services Limited for the year ended 31 January 2018 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes<sup>1</sup> to 8, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 January 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

#### **Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

# AA ROAD SERVICES LIMITED

## FOR THE YEAR ENDED 31 JANUARY 2018

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AA ROAD SERVICES LIMITED (continued)

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

#### Auditor's 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 auditor's 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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.

*Ernst & Young LLP*

Kathryn Barrow (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London

30 July 2018

# AA ROAD SERVICES LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY

	Notes	2018 £'000	2017 £'000
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	-	(1,070)
<b>NET LIABILITIES</b>		<u>-</u>	<u>(1,070)</u>
<b>EQUITY</b>			
Called up share capital	6	1,000	1,000
Share premium		16,500	16,500
Capital contribution		1,070	-
Retained earnings	7	<u>(18,570)</u>	<u>(18,570)</u>
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>		<u>-</u>	<u>(1,070)</u>

The profit for the year for the Company is £nil (2017: £nil).

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

*M.W. Strickland*

M STRICKLAND  
DIRECTOR

27 July 2018

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

# AA ROAD SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 JANUARY

	Share capital	Share premium	Capital contribution reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 31 January 2016 and 31 January 2017	1,000	16,500	-	(18,570)	(1,070)
Intercompany forgiveness	-	-	1,070	-	1,070
At 31 January 2018	1,000	16,500	1,070	(18,570)	-

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



# **AA ROAD SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 PRESENTATION OF FINANCIAL STATEMENTS**

AA Road Services Limited 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 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 £1,000.

### **2 ACCOUNTING POLICIES**

#### **2.1 BASIS OF PREPARATION**

The Company has transitioned to FRS 101 from FRS 102 for all periods presented. As a consequence of adopting FRS 101, the Company has made no restatements to the comparatives with regards to recognition and measurement, but has required amendments to presentation and disclosures in the accounts.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 January 2018.

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),
- IFRS 1 paragraphs 6 and 21,
- IAS 7 'Statement of cash flows',
- IAS 8 paragraphs 30 and 31,
- 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 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The only transaction in the period was Intercompany debt forgiveness. There were no critical accounting estimates or judgements in this Company.

#### **2.3 SIGNIFICANT ACCOUNTING POLICIES**

##### **a) TRADE PAYABLES**

Trade payables are not interest bearing and are recognised initially at fair value.

### **3 PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION**

Auditor's remuneration in respect of the audit of the Company's financial statements for the year was £5k (2017: £nil) which was borne by another group company. The Company's auditor provided no services to the Company other than the annual audit during either of the years under review.

# AA ROAD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4 DIRECTORS' EMOLUMENTS

	2018 £'000	2017 £'000
Aggregate remuneration in respect of qualifying services	609	470
Compensation for loss of office	-	123
	<u>609</u>	<u>593</u>

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

Remuneration	412	288
Accrued defined benefit pension	8	6
	<u>420</u>	<u>294</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 3 (2017: 2) directors under a defined benefit scheme and nil (2017: nil) under a money purchase scheme.

The Company had no employees throughout the year (2017: nil).

### 5 TRADE AND OTHER PAYABLES

	2018 £'000	2017 £'000
Amounts owed to group undertakings	-	1,070
	<u>-</u>	<u>1,070</u>

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

During the year the Company was forgiven Intercompany debt of £1,070k (2017: £nil).

### 6 CALLED UP SHARE CAPITAL

	2018 £'000	2017 £'000
Allotted, called up and fully paid		
1,000,002 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</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.

### 7 RETAINED EARNINGS

	2018 £'000	2017 £'000
Retained earnings	<u>(18,570)</u>	<u>(18,570)</u>

## **AA ROAD SERVICES LIMITED**

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

#### **8 ULTIMATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY**

The Company is a private limited company and 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](http://www.theaapl.com/investors).