

DRAKEFIELD HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2015

Registered number: 06090338

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DRAKEFIELD HOLDINGS LIMITED
FOR THE YEAR ENDED 31 JANUARY 2015

STRATEGIC REPORT

The directors present their report and audited financial statements of Drakefield Holdings Limited ("the Company") for the year ended 31 January 2015.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

The principal activity of the Company is that of a holding company. It is the intention of the directors that the Company continue to be a holding company for the foreseeable future.

As shown in the Company's profit and loss account, the Company made a loss of £7.2m during the current year (2014: £nil) as a result of the impairment of the Company's investments in Drakefield Group Limited, Drakefield Insurance Services Limited and Drakefield Services Limited.

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

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.

BY ORDER OF THE BOARD



R J H SCOTT
DIRECTOR
2015

3 September

DRAKEFIELD HOLDINGS LIMITED
FOR THE YEAR ENDED 31 JANUARY 2015

DIRECTORS' REPORT

DIRECTORS

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

R J H Scott	
M Huggins	(Appointed 15 December 2014)
A K Boland	(Resigned 19 December 2014)
C T P Jansen	(Resigned 31 August 2014)

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 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; 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.

DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year (2014: £nil).

GOING CONCERN

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

The Company is reliant on other group companies to pay for recharged costs. The directors believe that the Company has considerable 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.

DRAKEFIELD HOLDINGS LIMITED

FOR THE YEAR ENDED 31 JANUARY 2015

DIRECTORS' REPORT (continued)

The directors believe 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 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.

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

BY ORDER OF THE BOARD



R J H SCOTT
DIRECTOR

3 September 2015

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

DRAKEFIELD HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRAKEFIELD HOLDINGS LIMITED

We have audited the financial statements of Drakefield Holdings Limited for the year ended 31 January 2015 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 10. 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 Directors' Responsibilities Statement 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

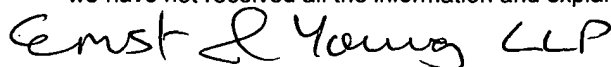
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.



John Headley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date:

3 September 2015₄

DRAKEFIELD HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2015**

	Notes	2015 £	2014 £
Exceptional items	2	(7,205,101)	-
OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,205,101)	-
Tax charge on profit on ordinary activities		-	-
LOSS FOR THE FINANCIAL YEAR		(7,205,101)	-

All income and expenditure arises from discontinued operations.

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

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

DRAKEFIELD HOLDINGS LIMITED

BALANCE SHEET AT 31 JANUARY 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Investments in group undertakings	5	-	7,205,101
CURRENT ASSETS			
Debtors (amounts falling due within one year)	6	623,900	623,900
NET ASSETS		<u>623,900</u>	<u>7,829,001</u>
CAPITAL AND RESERVES			
Called up share capital	7	10,000	10,000
Share premium account		7,819,001	7,819,001
Profit and loss account		(7,205,101)	-
SHAREHOLDER'S FUNDS	8	<u>623,900</u>	<u>7,829,001</u>

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



R J H SCOTT
DIRECTOR

3 September 2015

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

DRAKEFIELD HOLDINGS 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.

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.

The Company is exempt from the requirement to prepare consolidated financial statements as it is a wholly owned subsidiary of AA plc, whose consolidated financial statements are publicly available. These financial statements present information about the entity as an individual undertaking.

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 parent undertaking, AA plc.

c) Investments

Investments are valued individually at the lower of cost less any provision for impairment or net realisable value. Income from investments is recognised in the profit and loss account when it is receivable.

2 OPERATING LOSS

The exceptional item in the year (2014 £nil) relates to the impairment of the Company's investments in Drakefield Group Limited, Drakefield Insurance Services Limited and Drakefield Services Limited.

3 AUDITOR'S RENUMERATION

The Company's auditor provided no services to the Company other than the annual audit during the year under review. Audit fees of £2,000 (2014: £2,000) were borne by another group company.

4 DIRECTORS' REMUNERATION

	2015	2014
	£m	£m
Aggregate remuneration in respect of qualifying services	0.9	3.9
Compensation for loss of office	0.9	-
	1.8	3.9

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

Remuneration	1.0	2.3
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The Company had no employees throughout the year (2014: nil).

The directors are remunerated by another company that is part of the AA plc group. None of these directors received any emoluments during the year in respect of their services as a director of the Company (2014: £nil). The Company has not been recharged any amount for the emoluments of these directors (2014: £nil).

DRAKEFIELD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 INVESTMENTS IN GROUP UNDERTAKINGS

	Shares in subsidiary undertakings £
Cost	
At 31 January 2014 and at 31 January 2015	7,205,101
Impairment (see note 2)	(7,205,101)
Net book value	
At 31 January 2015	-
At 31 January 2014	7,205,101

Subsidiary undertakings	Country of incorporation or registration	% holding of ordinary shares	Principal activity
Drakefield Group Limited	England and Wales	100	Holding company
Drakefield Insurance Services Limited	England and Wales	100	Insurance intermediation
Drakefield Services Limited	England and Wales	100	Dormant

6 DEBTORS

	2015 £	2014 £
Amounts owed by group undertakings	<u>623,900</u>	<u>623,900</u>

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

7 SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
866,000 ordinary shares 'A' of £0.01 each	8,660	8,660
134,000 ordinary shares 'B' of £0.01 each	<u>1,340</u>	<u>1,340</u>
	<u>10,000</u>	<u>10,000</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.

8 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	Share capital £	Share Premium £	Profit and Loss £	Total £
At 1 February 2014	10,000	7,819,001	-	7,829,001
Loss for the year	-	-	(7,205,101)	(7,205,101)
At 31 January 2015	<u>10,000</u>	<u>7,819,001</u>	<u>(7,205,101)</u>	<u>623,900</u>

DRAKEFIELD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 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 AA plc group of companies. There are no other related party transactions.

10 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is a wholly owned subsidiary of Automobile Association Insurance Services Limited, a company registered in England and Wales.

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 and controlling party, which is also the parent of the largest group to consolidate these financial statements, is AA plc whose registered office is at Fanum House, Basing View, Basingstoke, RG21 4EA.

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