Company Registration No. 06112600 (England and Wales)

AA Media Limited

Financial statements
for the period ended 31 December 2019

Pages for filing with the Registrar

AA Media Limited

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AA Media Limited

Statement of financial position
As at 31 December 2019

	Notes	£	31 December 2019 £	£	31 January 2019 £
Fixed assets					
Intangible assets	3		3,504,555		385,151
Tangible assets	4		99,187		327,612
			3,603,742		712,763
Current assets					
Stocks		858,774		1,517,289	
Debtors	5	1,042,723		16,889,459	
Cash at bank and in hand		1,136,026		16,122	
		3,037,523		18,422,870	
Creditors: amounts falling due within one year	6	(2,338,184)		(4,574,454)	
Net current assets			699,339		13,848,416
Total assets less current liabilities			4,303,081		14,561,179
Creditors: amounts falling due after more than one year	7		(2,800,000)		-
Net assets			1,503,081		14,561,179
Capital and reserves					
Called up share capital	8		100		7,000,004
Profit and loss reserves			1,502,981		7,561,175
Total equity			1,503,081		14,561,179

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

Statement of financial position (continued)
As at 31 December 2019

	Notes		31 December 2019		31 January 2019
		£	£	£	£

The financial statements were approved by the board of directors and authorised for issue on 22 October 2020 and are signed on its behalf by:

Owen Davies
Director
Company Registration No. 06112600

AA Media Limited

Statement of changes in equity
For the period ended 31 December 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 February 2018		7,000,004	7,126,603	14,126,607
Period ended 31 January 2019:				
Profit and total comprehensive income for the period		-	434,572	434,572
Balance at 31 January 2019		7,000,004	7,561,175	14,561,179
Period ended 31 December 2019:				
Loss and total comprehensive income for the period		-	(198,903)	(198,903)
Distribution		-	(12,859,195)	(12,859,195)
Reduction of shares	8	(6,999,904)	6,999,904	-
Balance at 31 December 2019		100	1,502,981	1,503,081

1 Accounting policies

Company information

AA Media Limited is a private company limited by shares incorporated in England and Wales. The registered office is Grove House, Lutyens Close, Chineham Court, Basingstoke, Hampshire, England, RG24 8AG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the period ended 31 December 2019 are the first financial statements of AA Media Limited prepared in accordance with FRS 102. Previously, the company prepared financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The date of transition to FRS 102 was 1 February 2018. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Reporting period

These financial statements have been prepared for a short accounting period of 11 months. The comparative amounts presented in the financial statements (including the related notes) are for a period of 12 months, and therefore not entirely comparable.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1 Accounting policies (continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 - 5 years
Brand licence	10 years

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	Straight line over 5 years
Computers	Straight line over 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1 Accounting policies (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies (continued)

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Employees

The average monthly number of persons (including directors) employed by the company during the period was 78 (2019 - 0).

Up until July 2019, all employee costs were recharged to the company from Automobile Association Developments Limited.

The average monthly number of employees disclosed above is in respect of the July-December 2019 period only.

3 Intangible fixed assets

	Other
	£
Cost	
At 1 February 2019	526,109
Additions	3,500,000
Disposals	(204,477)
Transfers	81,070
At 31 December 2019	3,902,702
Amortisation and impairment	
At 1 February 2019	140,958
Amortisation charged for the period	391,480
Disposals	(134,291)
At 31 December 2019	398,147
Carrying amount	
At 31 December 2019	3,504,555
At 31 January 2019	385,151

4 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 February 2019	1,225,699
Additions	71,349
Disposals	(1,084,141)
Transfers	(81,070)
At 31 December 2019	131,837
Depreciation and impairment	
At 1 February 2019	898,087
Depreciation charged in the period	31,211
Eliminated in respect of disposals	(896,648)
At 31 December 2019	32,650
Carrying amount	
At 31 December 2019	99,187
At 31 January 2019	327,612

5 Debtors

	31 December 2019	31 January 2019
Amounts falling due within one year:	**£**	**£**
Trade debtors	786,931	5,035,936
Amounts owed by group undertakings	-	11,362,500
Other debtors	255,792	344,743
	1,042,723	16,743,179

	31 December 2019	31 January 2019
Amounts falling due after more than one year:	**£**	**£**
Deferred tax asset	-	146,280
Total debtors	1,042,723	16,889,459

6 Creditors: amounts falling due within one year

	31 December 2019	31 January 2019
	£	**£**
Trade creditors	241,959	-
Corporation tax	-	424,030
Other taxation and social security	66,648	599,788
Other creditors	2,029,577	3,550,636
	2,338,184	4,574,454

7 Creditors: amounts falling due after more than one year

	31 December 2019	31 January 2019
	£	**£**
Other creditors	2,800,000	-

8 Called up share capital

	2019	2019
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	7,000,004

On the 12 March 2019 the company cancelled 6,999,904 Ordinary shares of £1 each.

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Lorenzo Mosca.
The auditor was Saffery Champness LLP.

10 Operating lease commitments

Lessee
At the *reporting* end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2019	2019
	£	£
Within one year	80,000	177,000
Between two and five years	100,000	365,000
In over five years	-	75,000
	180,000	617,000

11 Related party transactions

11 Related party transactions (continued)

At 31 December 2019, the company owed AA Corporation Limited a loan note balance of £3,500,000 and accrued interest thereon of £132,455, The loan note is secured, repayable in instalments over 5 years and incurs interest at a rate of 5% per annum.

During the period, the company waived debt due from AA Corporation Limited of £12,859,195. The debt waiver is shown as a distribution in the Statement of changes in equity.

12 Parent company

The parent of the smallest group for which consolidated financial statements are drawn up of which AA Media Limited is a member is Enthuse Holdings Limited, a company registered in England and Wales. The registered office of Enthuse Holdings Limited is Enterprise House, Enterprise Way, Edenbridge, Kent, TN8 6HF.

As at 31 January 2019, the company was a fully owned subsidiary of AA Corporation Limited. On 29 March 2019, AA Corporation Limited sold 51% of the share capital of the company to Enthuse Group Limited, a full owned subsidiary of Enthuse Holdings Limited.

Prior to the sale, the company sold the trade and assets of the businesses trading as AA Route Planner and AA Signs to Automobile Association Developments Limited for £nil profit/(loss), with the balance due to the company from the AA group then being waived in full (shown as a distribution).