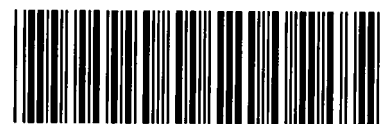


AUTOMOBILE ASSOCIATION HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

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COMPANIES HOUSE

Registered number: 03237629

AUTOMOBILE ASSOCIATION HOLDINGS LIMITED

FOR THE YEAR ENDED 31 JANUARY 2020

STRATEGIC REPORT

The directors present their annual report and financial statements of Automobile Association Holdings Limited ("the Company") for the year ended 31 January 2020.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company is a wholly owned subsidiary of Automobile Association Developments Limited. The principal activity of the Company is that of a holding company. The Company did not trade during the year.

On 19 December 2019, management signed a sale and purchase agreement for the sale of the Company's only subsidiary undertaking, AA Underwriting Limited, to a third party as a going concern. This is expected to take place during the next financial year. The Annual Report and Financial statements therefore present the investment in subsidiary undertakings as held for sale.

The result for the year was a loss of £356,000 (2019: unaudited £nil) and net assets were £27,527,000 (2019: unaudited £27,883,000).

The outbreak of COVID-19 has resulted in a pandemic causing significant disruption across the globe. The impact on society is reflected in business closures, restrictions on movement, home working and cancellations of sporting and other events. This is expected to lead to an economic downturn.

The recent volatility in financial markets as a result of COVID-19 and the impact on asset and liability values is being monitored by management and has currently been assessed as having no material impact on the Company primarily because the Company does not trade. The Company remains in a robust position and we expect solvency to be maintained above requirements under current laws and regulations. The impact of COVID-19 is continuing to evolve at a fast pace but we do not expect there to be any material financial impact on the Company at the time of writing.

PRINCIPAL RISKS AND UNCERTAINTIES

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.

AUTOMOBILE ASSOCIATION HOLDINGS LIMITED

FOR THE YEAR ENDED 31 JANUARY 2020

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The principal risks applicable to the Company are considered to be:

Managing the value in the subsidiary Holding

The subsidiary fails to meet its solvency requirements and requires a capital injection.

ON BEHALF OF THE BOARD



M NEVILLE
DIRECTOR
11 May 2020

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

AUTOMOBILE ASSOCIATION HOLDINGS LIMITED

FOR THE YEAR ENDED 31 JANUARY 2020

DIRECTORS' REPORT

As permitted by section 414C(11) of the Companies Act 2006, certain information is not included in the Directors' Report because it has instead been shown in the Strategic Report. The information is:

- Principal activity
- Review of the business and future developments
- Principal risks and uncertainties

During the year, the Company has transitioned from FRS 102 to FRS 101. See further details in note 1.

DIRECTORS

The directors who held office during the year and up to the date of signing the financial statements were as follows:

K J Dangerfield	(Appointed 13 February 2020)
M W Strickland	(Resigned 13 February 2020)
M Neville	
G Pritchard	(Resigned 1 August 2019)

COMPANY SECRETARY

N Hoosen

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 all losses and liabilities incurred in the discharge of their duties, to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Act) were in force during the year ended 31 January 2020 and remain in force, in relation to certain losses and liabilities which the directors may incur to third parties in the course of acting as director.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

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.

AUTOMOBILE ASSOCIATION HOLDINGS LIMITED

FOR THE YEAR ENDED 31 JANUARY 2020

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

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.

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.

GOING CONCERN

The Company's business activities and its exposure to financial risk are described in the Strategic Report on page 1 and 2.

The directors believe that the Company has adequate financial resources. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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.

DIVIDENDS

During the year, the Company did not receive any dividends from subsidiary undertakings (2019: unaudited £nil) and did not pay any dividends (2019: unaudited £nil).

INDEPENDENT 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 2020.

ON BEHALF OF THE BOARD



M NEVILLE
DIRECTOR
11 May 2020

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

Independent auditors' report to the members of Automobile Association Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Automobile Association Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its loss 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 balance sheet as at 31 January 2020; the profit and loss account, 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

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

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.

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.

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.

Independent auditors' report to the members of Automobile Association Holdings Limited (continued)

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 2020 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 3 and 4, 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.

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.

***Independent auditors' report to the members of
Automobile Association Holdings Limited (continued)***

Other matter

The financial statements for the year ended 31 January 2019, forming the corresponding figures of the financial statements for the year ended 31 January 2020, are unaudited.



Joanne Leeson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
11 May 2020

AUTOMOBILE ASSOCIATION HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY

		2020	2019 unaudited
	Note	£'000	£'000
Impairment of investment in subsidiary	5	(356)	-
LOSS BEFORE TAX		(356)	-
Income tax expense	6	-	-
LOSS FOR THE FINANCIAL YEAR		(356)	-

The Company has no gains or losses other than the results for the financial years reported above and, therefore, no separate statement of comprehensive income or technical account are presented.

The accompanying notes are an integral part of this profit and loss account.

AUTOMOBILE ASSOCIATION HOLDINGS LIMITED

BALANCE SHEET AT 31 JANUARY

	Note	2020 £'000	2019 unaudited £'000
ASSETS			
Investments in subsidiaries	5	-	27,883
Assets classified as held for sale	5	27,527	-
NET ASSETS		<u>27,527</u>	<u>27,883</u>
CAPITAL AND RESERVES			
Share capital		-	-
Share premium account		26,019	26,019
Capital reserve		18,481	18,481
Profit and loss account		(16,973)	(16,617)
TOTAL SHAREHOLDER'S FUNDS		<u>27,527</u>	<u>27,883</u>

These financial statements were approved by the board of directors and signed on its behalf by:



M NEVILLE
DIRECTOR
11 May 2020

Automobile Association Holdings Limited
Registered number: 03237629

The accompanying notes are an integral part of this balance sheet.

AUTOMOBILE ASSOCIATION HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share premium	Capital reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 1 February 2018 (unaudited)	-	26,019	18,481	(16,617)	27,883
Result for the financial year (unaudited)	-	-	-	-	-
At 31 January 2019 (unaudited)	-	26,019	18,481	(16,617)	27,883
Loss for the financial year	-	-	-	(356)	(356)
At 31 January 2020	-	26,019	18,481	(16,973)	27,527

The accompanying notes are an integral part of this statement of changes in equity.

AUTOMOBILE ASSOCIATION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Presentation of financial statements

Automobile Association Holdings Limited is a private company limited by shares and incorporated and domiciled in England and Wales, United Kingdom.

The Company has adequate financial resources due to the Company's own net asset position. 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.

This is the first period in respect of which the company has prepared its financial statements under FRS 101. The previous financial statements for the year ended 31 January 2019 were prepared under FRS 102. The date of transition for the company is 1 February 2019. There were no accounting adjustments arising on transition to FRS 101.

The financial statements are prepared in Sterling and are rounded to the nearest £1,000.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS101") and are presented in line with The Companies Act 2006.

The financial statements are prepared under the historical cost convention. The Company takes the exemption under IFRS 10 paragraph 4 from presenting consolidated financial statements. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 January 2020.

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).

New standards, amendments and IFRIC interpretations

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 2020, however the Company has not identified any with an expected material effect on the financial statements.

2.2 Critical accounting estimates and judgements

Management have exercised judgement in applying the Company's accounting policies and in making critical estimates. The principle judgements involving a higher degree of judgement and complexity, where the assumptions and estimates are significant to the financial statements relates to the annual impairment test of investment in subsidiaries, which includes assumptions regarding the future performance of the Company's subsidiaries (see note 5).

AUTOMOBILE ASSOCIATION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2.3 Accounting policies

a) Investments in subsidiaries

Investments in subsidiaries are held at cost less impairment.

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless they arise on a previously revalued fixed asset.

The recoverable amount of fixed assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the rate of return expected on an investment of equal risk. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

b) Taxation

Tax for the year comprises of current tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

3 AUDITORS' REMUNERATION

Audit fees of £10,000 are paid on the Company's behalf by another AA group company with no recharge (2019: unaudited £nil). There were no non-audit services provided by the Company's auditors (2019: unaudited £nil).

4 DIRECTORS' REMUNERATION

	2020	2019
	£'000	unaudited £'000
Aggregate remuneration in respect of qualifying services	697	528
Money purchase scheme contributions	9	7
	<u>706</u>	<u>535</u>
The amounts paid in respect of the highest paid director were as follows:		
Remuneration	465	243
Contributions to money purchase schemes	9	7
	<u>474</u>	<u>250</u>

The 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 (2019: unaudited 1) director under a defined benefit scheme and 1 (2019: unaudited 2) under a money purchase scheme.

The Company had no employees throughout the year (2019: unaudited nil).

AUTOMOBILE ASSOCIATION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 INVESTMENTS IN SUBSIDIARIES

	2020	2019 unaudited
	£'000	£'000
At 1 February (unaudited)	27,883	27,883
Impairment	(356)	-
At 31 January	27,527	27,883
Less: presented as assets held for sale	(27,527)	-
Investments in subsidiaries as presented in company balance sheet	-	27,883

All subsidiaries are wholly owned (except where stated) and incorporated and registered where stated below.

All subsidiaries are consolidated in the Group financial statements.

The principal subsidiary undertaking of the Company at 31 January 2020 is:

Name	Country of Incorporation	Class of shares held
AA Underwriting Limited ¹	United Kingdom	Ordinary

¹Company registered office: Fanum House, Basing View, Basingstoke, RG21 4EA.

On 19 December 2019, management signed a sale and purchase agreement for the sale of the Company's only subsidiary undertaking, AA Underwriting Limited, to a third party as a going concern. This is expected to take place during the next financial year. The investment in subsidiary undertakings has therefore been presented as held for sale and revalued to its recoverable amount which is based on the offer price accepted by management and the dividend that will be receivable prior to the sale.

This resulted in an impairment of £356k which has been charged to the profit and loss account.

6 INCOME TAX EXPENSE

The major components of the income tax expenses are:

	2020	2019 unaudited
	£'000	£'000
Current tax:		
- Current tax payable	-	-
Total tax expense	-	-

Reconciliation of tax expense to loss before tax multiplied by UK's corporation tax rate:

	2020	2019 unaudited
	£,000	£,000
Loss before tax	(356)	-
Tax at rate of 19.00% (2019: 19.00%)	(68)	-
Effects of:		
Non-deductible investment impairment	68	-
Income tax expense reported in the profit and loss account	-	-

AUTOMOBILE ASSOCIATION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 SHARE CAPITAL

	2020	2019 unaudited
Allotted, called up and fully paid	£'000	£'000
399 (2019: unaudited 399) ordinary shares of £1 each	399	399
Redeemable non-voting, non-equity, special dividend shares of £1 each	100	100
	<u>499</u>	<u>499</u>

The redeemable non-voting shares have rights to dividends calculated by reference to the Company's financial performance, were redeemable in September 2007 at par and have no voting rights.

As at 31 January 2020, the Company had £1,508k distributable reserves (2019: unaudited £1,864k).

8 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

9 EVENTS AFTER THE REPORTING PERIOD

The outbreak of COVID-19 has resulted in a pandemic causing significant disruption across the globe. For these financial statements, prepared for the year to 31 January 2020, COVID-19 has been classified as a non-adjusting post balance sheet event. As of 31 January 2020, a limited number of cases had been reported to the World Health Organisation. Since then the spread of the virus has been rapid and the number of reported cases and deaths has increased significantly.

The impact on society is reflected in business closures, restrictions on movement, home working and cancellations of sporting and other events. This is expected to lead to an economic downturn.

The recent volatility in financial markets as a result of COVID-19 and the impact on asset and liability values is being monitored by management and has currently been assessed as having no material impact on the Company primarily because the Company does not trade. The Company remains in a robust position and we expect solvency to be maintained above requirements under current laws and regulations. The impact of COVID-19 is continuing to evolve at a fast pace but we do not expect there to be any material financial impact on the Company at the time of writing.