

AA GARAGE SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019

Registered number: 01013245



AA GARAGE SERVICES LIMITED
FOR THE YEAR ENDED 31 JANUARY 2019

STRATEGIC REPORT

The directors present their Annual Report and Financial Statements of AA Garage Services Limited (the "Company") for the year ended 31 January 2019.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

The principal activities of the Company were those of a garage referral network and customer reminder service for vehicle MOT and servicing.

As shown in the Company's income statement on page 8, the Company's revenue was £1,373k (2018: £356k) during the current year, whilst operating loss of the Company for the year was £826k (2018: £683k). After taxation, a loss of £746k (2018: £565k) has been transferred to reserves.

The statement of financial position on page 9 of the financial statements shows the Company's net liabilities position of £1,311k (2018: £565k).

For decision making and internal performance management, management's key performance metric is Earnings before interest, tax, exceptional items, depreciation and amortisation (Trading EBITDA). Trading EBITDA was a £210k loss during the current year (2018: £549k).

There are currently no plans to alter the principal activities of the company going forward.

RISK MANAGEMENT FRAMEWORK

The Company is part of the AA plc Group (the "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 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.

AA GARAGE SERVICES LIMITED

FOR THE YEAR ENDED 31 JANUARY 2019

STRATEGIC REPORT (continued)

The principal risks have been grouped into the following categories:

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.

Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Due to the age of some of the outstanding debt, the directors have made an assessment of credit risk and written off debts that are no longer deemed recoverable. As a result of this work, the directors have made the decision to utilise the Group's credit management team to assist in collection of other aged debts.

BY ORDER OF THE BOARD



M NEVILLE
DIRECTOR

10 January 2020

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

AA GARAGE SERVICES LIMITED

FOR THE YEAR ENDED 31 JANUARY 2019

DIRECTORS' REPORT

DIRECTORS

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

M F Millar	(Resigned 17 April 2018)
G Pritchard	(Resigned 01 August 2019)
M Daly	(Resigned 01 August 2019)
M W Strickland	(Appointed 17 April 2018)
M Neville	(Appointed 01 August 2019)

COMPANY SECRETARY

C M Free	(Resigned 30 January 2019)
N Hoosen	(Appointed 30 January 2019)

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 period. 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.

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.

AA GARAGE SERVICES LIMITED

FOR THE YEAR ENDED 31 JANUARY 2019

DIRECTORS' REPORT (continued)

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 and credit risk are described in the Strategic Report on pages 1-2.

The directors believe that the Company has adequate financial resources due to the available cash resources of the Group which can be drawn upon. 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.

Due to the net liabilities position of the Company, the directors have obtained a letter of support from the parent undertaking, Automobile Association Developments Limited. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

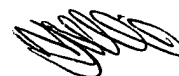
DIVIDENDS

The Company has not paid a dividend in the year (2018: £nil).

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 2019.

BY ORDER OF THE BOARD



M NEVILLE
DIRECTOR

10 January 2020

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

Independent auditors' report to the members of AA Garage Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, AA Garage Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2019 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 Statement of Financial Position as at 31 January 2019; the Income Statement, 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

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

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 2019 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, 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.

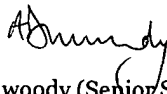
Other required reporting

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.



Alison Dunwoody (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
10 January 2020

AA GARAGE SERVICES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 JANUARY

	Note	2019 £'000	2018 Restated * £'000
REVENUE		1,373	356
Cost of sales		<u>(442)</u>	<u>(237)</u>
GROSS PROFIT		931	119
OPERATING COSTS			
Administrative expenses		<u>(1,757)</u>	<u>(802)</u>
OPERATING LOSS	3	(826)	(683)
Tax credit	8	80	118
LOSS FOR THE FINANCIAL YEAR		<u>(746)</u>	<u>(565)</u>

* The income statement for the 2018 financial year has been restated to reallocate sales staff salaries to cost of sales representing a £89k increase in cost of sales and a £89k decrease in administrative expenses. All staff costs were previously shown within administrative expenses. This does not change the operating loss for the period.

All income and expenditure arise from continuing operations.

There are no gains and losses other than those passing through the income statement, therefore no separate statement of comprehensive income is presented.

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

AA GARAGE SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY

	Note	2019 £'000	2018 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	8	15
Deferred tax asset	8	106	-
		<u>114</u>	<u>15</u>
CURRENT ASSETS			
Trade and other receivables	10	350	132
Cash and cash equivalents		22	1
		<u>372</u>	<u>133</u>
TOTAL ASSETS		<u>486</u>	<u>148</u>
CURRENT LIABILITIES			
Trade and other payables	11	(1,511)	(713)
Provisions	12	(260)	-
Corporation tax payable		(26)	-
		<u>(1,797)</u>	<u>(713)</u>
NET LIABILITIES		<u>(1,311)</u>	<u>(565)</u>
EQUITY			
Called-up share capital	13	1,380	1,380
Capital contribution reserve		10,543	10,543
Retained earnings		(13,234)	(12,488)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS		<u>(1,311)</u>	<u>(565)</u>

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



M NEVILLE
DIRECTOR

10 January 2020

Registered number: 01013245

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

AA GARAGE SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

	Called- up share capital	Capital contribution reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000
At 31 January 2017	1,380	10,543	(11,923)	-
Loss for the year	-	-	(565)	(565)
At 31 January 2018	1,380	10,543	(12,488)	(565)
Loss for the year	-	-	(746)	(746)
At 31 January 2019	1,380	10,543	(13,234)	(1,311)

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

AA GARAGE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 PRESENTATION OF FINANCIAL STATEMENTS

AA Garage Services Limited is a private limited company and is incorporated and domiciled in England and Wales.

The financial statements are prepared on a going concern basis following receipt of a letter of support from the parent undertaking, Automobile Association Developments Limited.

These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using 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 principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been applied consistently, other than where new policies have been adopted.

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)
- 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)

NEW STANDARDS, AMENDMENTS AND IFRIC INTERPRETATIONS

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 January 2019 and have not had a material impact on the Company. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 January 2019 that have had a material impact on the Company.

AA GARAGE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2.2 Critical accounting estimates and judgements

Estimates are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management have exercised judgement in applying the Company's accounting policies and in making critical estimates. The underlying assumptions on which these judgements are based, are reviewed on an on-going basis.

Receivables

During the course of 2019 it has become clear that collection of cash in respect of accounts receivable is very slow. As a result, management passed the debt book over to a Group debt collection team to expedite the process. During this process, the debt collection team have identified that a large portion of debt cannot be recovered and in addition, a portion of this relates to jobs for which there is limited evidence of signed terms and conditions and therefore for which, revenue should not be recognised. Management have therefore utilised the records maintained by the debt collection team over the course of 2019 to estimate the split of irrecoverable debt between bad debt expense and revenue to be reversed.

2.3 Significant accounting policies

a) Revenue recognition

Revenue represents amounts receivable for goods and services provided, excluding value added tax and trade discounts. Revenue is recognised at point of delivery of goods or on provision of service, or over time where the service is provided over more than 1 day. This includes work which has not yet been fully invoiced, provided that it is considered to be fully recoverable.

Revenue originates in the UK and consists of invoiced sales of services, excluding value added tax. Revenue by destination is not materially different from turnover by origin.

The revenue recognition accounting policy was reviewed as part of the transition from IAS 18 to IFRS 15 and the Company determined that no change was needed.

b) Financial assets and financial liabilities

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. They are classified according to the substance of the contractual arrangements entered into. The Company recognises loss allowances for expected credit losses (ECLs) on relevant financial assets.

Trade receivables

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised at fair value and are subsequently held at amortised cost. The Company applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables.

Trade payables

Trade payables are not interest bearing and are recognised at fair value and are subsequently held at amortised cost.

AA GARAGE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

c) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on property, plant and equipment at rates calculated to write off the costs, less estimated residual value based on prices prevailing at date of acquisition of each asset evenly over its expected useful life as follows:

Plant and equipment	3 – 10 years
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The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

d) Exceptional items

Exceptional items are events or transactions that fall within the operating activities of the Company and which by virtue of their size or incidence have been disclosed in order to improve a reader's understanding of the financial statements.

e) Taxation

Tax on the profit or loss for the year comprises current and deferred 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.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet 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.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity less than three months.

AA GARAGE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 OPERATING LOSS

Operating loss is stated after charging:

	2019	2018
	£'000	£'000
Depreciation of owned tangible fixed assets	7	5
Operating lease rentals:		
- Land & Buildings	122	44

Audit fees of £35,000 (2018: £2,000) are paid on the Company's behalf by another Group company with no recharge (2018: £nil). Fees paid to the Company's auditors, PricewaterhouseCoopers LLP, and its associates, for services other than statutory audit of the Company, are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, AA plc. No other services were provided during the year (2018: no other services provided)

AA GARAGE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 ADJUSTED PERFORMANCE MEASURES

Management reviews the Company's results and performance both on a statutory and non-GAAP (non-statutory) basis. The Company's adjusted performance measure of Trading EBITDA is a non-GAAP (non-statutory) financial measure and is included in these financial statements as it is a key financial measure used by management to evaluate performance of business segments. The measure enables management to more easily and consistently track the underlying operational performance of the Company and its business segments.

Trading EBITDA is profit after tax on a continuing basis as reported, adjusted for depreciation, amortisation and exceptional operating items.

Reconciliation of Trading EBITDA to operating loss

Trading EBITDA is calculated as operating loss before adjustments as shown in the table below:

	Note	for the year ended 31 January	
		2019 £'000	2018 £'000
Trading EBITDA		(210)	(549)
Amortisation and depreciation	9	(7)	(5)
Exceptional operating items	5	(609)	(129)
Operating loss		(826)	(683)

Trading EBITDA excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings, such as restructuring costs and legal expenses. It also excludes amortisation and depreciation.

These specific adjustments are made between the GAAP measure of operating loss and the non-GAAP measure of Trading EBITDA because Trading EBITDA is a performance measure required and clearly defined under the terms of the Group's debt documents and is used for calculating debt covenants. Given the significance of the Group debt, Trading EBITDA is therefore a key measure for management, enabling them to more easily and consistently track the underlying operational performance of the Company.

5 EXCEPTIONAL ITEMS

	2019 £'000	2018 £'000
Exceptional costs	<u>609</u>	<u>129</u>

Exceptional costs in the current year of £599k relate to legal costs and £10k relate to exceptional cost recharges, in the prior year exceptional costs of £129k related to the acquisition of the trade and assets of Motoriety and business restructuring costs.

AA GARAGE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 STAFF COSTS

Staff costs during the year were as follows:

	2019 £'000	Restated 2018* £'000
Wages and salaries	564	397
Social security costs	61	42
Other pension costs	22	3
	647	442

Staff costs relate to those recharged from Automobile Association Developments Limited.

The average monthly number of persons employed under contracts of service during the year was:

	2019	2018
Management and administration	16	8
	16	8

*Due to a general ledger coding error within our financial reporting systems a portion of the wages and salaries costs in the prior year were reported as administrative expenses and not disclosed in the staff costs note which had no impact on operating profit. This led to wages and salaries being under disclosed by £357k, social security costs by £36k and other pension costs by £3k. Note, this is a distinct restatement not connected to the restatement disclosed in the income statement.

7 DIRECTORS' REMUNERATION

	2019 £'000	2018 £'000
Aggregate remuneration in respect of qualifying services	568	580
Contributions to money purchase scheme	7	-
	575	580

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

Remuneration	242	412
Contributions to money purchase scheme	7	8
	249	420

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 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 (2018: 1) directors under a defined benefit scheme and 2 (2018: 1) under a money purchase scheme.

AA GARAGE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 TAX

The major components of the income tax credit are:

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax	26	-
Group relief receivable	-	(118)
Total current tax debit/(credit)	26	(118)
Deferred tax		
Origination and reversal of temporary differences	(118)	-
Effect of tax rate change on opening balance	12	-
	(106)	-
Total tax credit	(80)	(118)

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

	2019 £'000	2018 £'000
Loss before tax	(826)	(683)
Tax at rate of 19.00% (2018: 19.00%)	(157)	(130)
Rate change	12	-
Expenses not deductible for tax	65	12
Tax credit reported in the income statement	(80)	(118)

Deferred tax by type of temporary difference:

	Statement of financial position		Income statement	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Accelerated capital allowances	1	-	(1)	-
Other short-term temporary differences	105	-	(105)	-
Deferred tax asset	106	-	(106)	-
				£'000
Deferred tax asset as at 1 February 2018				-
Tax credit recognised in the income statement				106
Deferred tax asset as at 31 January 2019				106

At the Statement of financial position date the UK corporation tax rate was set to reduce from 19% to 17% on 1 April 2020. This change in rate has been substantively enacted at the Statement of financial position date and was used to calculate the deferred tax asset.

AA GARAGE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment £'000
Cost	
At 31 January 2018 and 2019	20
Depreciation	
At 31 January 2018	5
Charge for year	7
At 31 January 2019	12
Net book value	
At 31 January 2019	8
At 31 January 2018	15

10 TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
Amounts receivable within one year		
Trade receivables	163	27
Other receivables	-	17
Contract assets	186	88
Prepayments	1	-
	350	132

Trade receivables are stated after a provision for impairment of £358,000 (2018: £3,000)

11 TRADE AND OTHER PAYABLES

	2019 £'000	2018 £'000
Amounts payable within one year		
Accruals	21	99
Amounts owed to Group undertakings	1,380	614
Other payables	110	-
	1,511	713

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

AA GARAGE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 PROVISIONS FOR LIABILITIES

	Legal provision
	£'000
At 1 February 2017 and 31 January 2018	-
Charge for the year	260
At 31 January 2019	260
Current	260
Non-current	-
At 31 January 2019	260
Current	-
Non-current	-
At 31 January 2018	-

The Company purchased the trade and assets of Motoriety UK Limited in April 2017. The legal provision relates to a legal dispute in connection with employment termination.

The case was settled by the Company on 18 November 2019.

13 CALLED-UP SHARE CAPITAL

	2019	2018
	£'000	£'000
Allotted and fully paid		
1,380,000 (2018: 1,380,000) issued, called up and fully paid	1,380	1,380

The voting rights of the holders of all ordinary shares are the same and all ordinary shares rank pari passu on a winding up.

14 GUARANTEES AND COMMITMENTS

Operating leases

Future minimum rentals payable under non-cancellable operating leases as at 31 January are as follows:

	Land and buildings	
	2019	2018
	£'000	£'000
Within one year	97	57
In two to five years	118	95
	215	152

AA GARAGE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 ULTIMATE PARENT UNDERTAKING

The Company is a private limited company and 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.