

AA MID CO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

WEDNESDAY



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COMPANIES HOUSE

Registered number: 5088289

AA MID CO LIMITED

FOR THE YEAR ENDED 31 JANUARY 2017

STRATEGIC REPORT

The directors present their report and audited financial statements of AA Mid Co Limited ("the Company") for the year ended 31 January 2017.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company is a wholly owned subsidiary of AA plc.

The principal activity of the Company is that of a holding company. The Company did not trade during the year.

During the year, the Company received dividends from subsidiary undertakings of £60.0m and paid a dividend of £60.0m.

RISK MANAGEMENT FRAMEWORK

The Company is part of the AA plc group which has developed an embedded enterprise risk management process that facilitates the identification, assessment, escalation and mitigation of the Company's risk exposure across every aspect and activity of the business. This framework enables the business to manage risk using predefined assessment criteria to ensure residual risk levels are in line with the Board's agreed risk appetite.

The 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.

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.

The business 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 both by the Compliance and Internal Audit functions to ensure they are working effectively.

BY ORDER OF THE BOARD



G PRITCHARD

DIRECTOR

16 JUNE 2017

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

AA MID CO LIMITED

FOR THE YEAR ENDED 31 JANUARY 2017

DIRECTORS' REPORT

DIRECTORS

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

M A Clarke	
R J H Scott	Resigned 30 April 2016
R Mackenzie	
M Millar	
G Pritchard	Appointed 30 April 2016

COMPANY SECRETARY

M Millar

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

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable laws and United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Policies) including FRS101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

GOING CONCERN

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

The directors believe that the Company has adequate financial resources. 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.

AA MID CO LIMITED

FOR THE YEAR ENDED 31 JANUARY 2017

RE-APPOINTMENT OF AUDITOR

In accordance with section 487(2) of the Companies Act 2006, the auditor Ernst & Young LLP is deemed re-appointed.

DISCLOSURE OF INFORMATION TO AUDITOR

Each director has made enquiries of their fellow directors 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



G PRITCHARD
DIRECTOR

16 JUNE 2017

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

AA MID CO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AA MID CO LIMITED

We have audited the financial statements of AA Mid Co Limited for the year ended 31 January 2017 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 8. 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), including FRS 101 "Reduced Disclosure Framework".

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 Statement of Directors' Responsibilities as 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have 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 have identified no material misstatements in the Strategic Report or Directors' Report.

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.

Ernst & Young LLP

Kathryn Barrow (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
London

16 June 2017

AA MID CO LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 JANUARY

	2017 £m	2016 £m
Income from shares from group undertakings	<u>60.0</u> 60.0	<u>60.0</u> 60.0
PROFIT FOR THE FINANCIAL YEAR	<u><u>60.0</u></u>	<u><u>60.0</u></u>

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 MID CO LIMITED

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 JANUARY

	Notes	2017 £m	2016 £m
NON-CURRENT ASSETS			
Investment in group undertakings	4	2,640.0	2,640.0
CURRENT ASSETS			
Trade and other receivables	5	1,777.8	1,777.8
TOTAL ASSETS		<u>4,417.8</u>	<u>4,417.8</u>
CURRENT LIABILITIES			
Trade and other payables	6	(2,982.6)	(2,982.6)
NET ASSETS		<u>1,435.2</u>	<u>1,435.2</u>
EQUITY			
Called up share capital	7	20.9	20.9
Retained earnings		1,414.3	1,414.3
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS		<u>1,435.2</u>	<u>1,435.2</u>

Signed for and on behalf of the board by:



G PRITCHARD

DIRECTOR

16 JUNE 2017

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

AA MID CO LIMITED

STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Retained earnings £m	Total £m
At 1 February 2015	20.9	1,414.3	1,435.2
Profit for the year	-	60.0	60.0
Dividends	-	(60.0)	(60.0)
At 31 January 2016	20.9	1,414.3	1,435.2
Profit for the year	-	60.0	60.0
Dividends	-	(60.0)	(60.0)
At 31 January 2017	20.9	1,414.3	1,435.2

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

AA MID CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Presentation of financial statements

AA Mid Co Limited is incorporated and domiciled in England and Wales.

The financial statements are prepared on a going concern basis.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS101"). The financial statements are prepared under the historical cost convention.

The financial statements are prepared in Sterling and are rounded to the nearest £100,000.

2 Significant accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 January 2017.

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,
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group,
- IAS 24 'Related party disclosures' (key management compensation).

2.2 Critical accounting estimates and judgements

The Company did not trade in the year and there are no critical accounting estimates or judgements to be made by management in respect of these financial statements.

2.3 Significant accounting policies

a) Investments in subsidiaries

Investments in subsidiaries are valued individually at the lower of cost less any provision for impairment. Income from investments is recognised in the income statement when it is receivable.

b) Trade receivables and trade payables

Trade receivables and trade payables are not interest bearing and are recognised initially at fair value. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

AA MID CO LIMITED

3 DIRECTORS' EMOLUMENTS

	2017 £m	2016 £m
Aggregate remuneration in respect of qualifying services	2.6	4.6
Money purchase scheme contributions	0.1	0.1
Compensation for loss of office	0.1	-
	2.8	4.7
The amounts paid in respect of the highest paid director were as follows:		
Remuneration	1.3	2.6
Contributions to money purchase schemes	0.1	0.1
	1.4	2.7

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 have been reflected in the disclosure above.

Retirement benefits are accruing for 2 (2016: 2) directors under a defined benefit scheme and 2 (2016: 2) under a money purchase scheme.

The Company had no employees throughout the year (2016: nil).

4 INVESTMENTS IN SUBSIDIARIES

	2017 £m	2016 £m
Investment in subsidiary undertaking at cost At 31 January	2,640.0	2,640.0

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

The principal subsidiary undertakings of the Company at 31 January 2017 are:

Name	Country
AA Acquisition Co Limited ²	United Kingdom
AA Intermediate co Limited ^{1,2}	United Kingdom
AA Bond Co Limited ³	Jersey
AA Corporation Limited ²	United Kingdom
AA Financial Services Limited ²	United Kingdom
AA Media Limited ²	United Kingdom
AA Senior Co Limited ²	United Kingdom
AA The Driving School Agency Limited ²	United Kingdom
Automobile Association Developments Limited ²	United Kingdom
Automobile Association Insurance Services Limited ²	United Kingdom
Drivetech (UK) Limited ²	United Kingdom
Intelligent Data Systems (UK) Limited ²	United Kingdom

AA MID CO LIMITED

4 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

The other subsidiary undertakings of the Company at 31 January 2017 are:

Name	Country
A.A. Pensions Trustees Limited ²	United Kingdom
AA Assistance Limited ²	United Kingdom
AA Brand Management Limited ²	United Kingdom
AA Ireland Pension Trustees DAC ⁴	Ireland
AA Pension Funding GP Limited ⁵	United Kingdom
AA Pension Funding LP ⁵	United Kingdom
AA Road Services Limited ²	United Kingdom
AA Underwriting Limited ²	United Kingdom
Automobile Association Holdings Limited ²	United Kingdom
Automobile Association Insurance Services Holdings Limited ²	United Kingdom
Automobile Association Protection and Investment Planning Limited ²	United Kingdom
Automobile Association Services Limited ²	United Kingdom
Automobile Association Travel Services Limited ²	United Kingdom
Automobile Association Underwriting Services Limited ²	United Kingdom
Breakdown Assistance Services Limited ⁶	United Kingdom
Breakdown Hero Limited ⁶	
Drakefield Group Limited ²	United Kingdom
Drakefield Holdings Limited ²	United Kingdom
Drakefield Insurance Services Limited ²	United Kingdom
Drakefield Services Limited ²	United Kingdom
Nationwide 4 X 4 Ltd ²	United Kingdom
Peak Performance Management Limited ²	United Kingdom
Personal Insurance Mortgages and Savings Limited ²	United Kingdom
The Automobile Association Limited ³	Jersey

¹ Directly owned by AA Mid Co Limited, all other subsidiaries are indirectly held.

² Company registered office: Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, England.

³ Company registered office: 22 Greenville Street, St Helier, Jersey, JE4 8PX.

⁴ Company registered office: 61a South William Street, Dublin 2, Ireland.

⁵ Company registered office: 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland.

⁶ Company registered office: 90 Long Acre, London, WC2E 9RA.

All related undertakings are indirectly held by the Company, except for AA Intermediate Co Limited, which is a direct subsidiary undertaking.

5 TRADE AND OTHER RECEIVABLES

	2017 £m	2016 £m
Amounts owed by subsidiary undertakings	1,777.8	1,777.8

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

AA MID CO LIMITED

6 TRADE AND OTHER PAYABLES

	2017 £m	2016 £m
Amounts owed to subsidiary undertakings	<u>2,982.6</u>	<u>2,982.6</u>

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

7 CALLED UP SHARE CAPITAL

	2017 £m	2016 £m
Allotted, called up and fully paid		
2,090,547,948 ordinary shares of £0.01 each	<u>20.9</u>	<u>20.9</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.

As at 31 January 2017, the company had distributable reserves of £862,094,045 (2016: £862,094,045)

8 ULTIMATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The Company is a wholly owned subsidiary of AA plc, 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 plc 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 AA plc financial statements are available from the website www.theaapl.com/investors.