

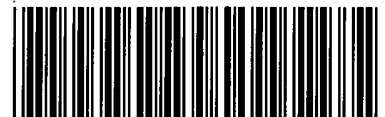
Registered number: 08160101

## **AA LAW LIMITED**

### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2017**

WEDNESDAY



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**AA LAW LIMITED**

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**AA LAW LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	G A Banbury M Hammond M F Millar K Thomas L P Twiselton
<b>Registered number</b>	08160101
<b>Registered office</b>	43 Queen Square Bristol BS1 4QP
<b>Independent auditors</b>	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor Portwall Place Portwall Lane Bristol BS1 6NA
<b>Bankers</b>	Lloyds Bank Plc Bailey Drive Gillingham Business Park Kent ME8 0LS

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**AA LAW LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MAY 2017**

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The directors present their report and the financial statements for the year ended 31 May 2017.

**Directors**

The directors who served during the year were:

G A Banbury  
M Hammond  
M F Millar  
K Thomas (appointed 20 June 2016)  
L P Twisleton  
S N J Mahesan (resigned 29 July 2016)  
J K Sangha (resigned 9 December 2016)

**Directors' responsibilities statement**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 surplus or deficit of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements 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;
- 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 to 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.

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AA LAW LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2017

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The information is given and should be interpreted in accordance with the provisions of S148 of the Companies Act 2006.

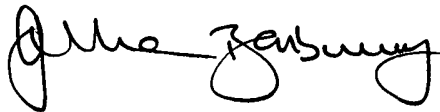
**Auditors**

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 24th February 2018 and signed on its behalf.



G A Banbury  
Director

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## AA LAW LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AA LAW LIMITED

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We have audited the financial statements of AA Law Limited for the year ended 31 May 2017, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes 1 to 11. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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 Auditors**

As explained more fully in the Directors' Responsibilities Statement 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 Financial Reporting Council's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 May 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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AA LAW LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AA LAW LIMITED (CONTINUED)

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**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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

*Nexia Smith & Williamson*

Fiona Westwood (Senior Statutory Auditor)

for and on behalf of

**Nexia Smith & Williamson**

Chartered Accountants & Statutory Auditor

Portwall Place

Portwall Lane

Bristol

BS1 6NA

Date: *26 February 2018*

AA LAW LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MAY 2017**

	Note	2017 £	2016 £
Turnover		1,175,387	2,112,742
Cost of sales		(417,261)	(1,113,376)
<b>Gross profit</b>		<u>758,126</u>	<u>999,366</u>
Administrative expenses		(87,410)	(12,504)
<b>Operating profit</b>		<u>670,716</u>	<u>986,862</u>
Tax on profit		(133,394)	(197,372)
<b>Profit after tax</b>		<u><u>537,322</u></u>	<u><u>789,490</u></u>
Retained earnings at the beginning of the year		1,990,114	1,200,624
		<u>1,990,114</u>	<u>1,200,624</u>
Profit for the year		537,322	789,490
Dividends declared and paid	5	(690,000)	-
<b>Retained earnings at the end of the year</b>		<u><u>1,837,436</u></u>	<u><u>1,990,114</u></u>

The notes on pages 8 to 12 form part of these financial statements.



AA LAW LIMITED  
REGISTERED NUMBER: 08160101

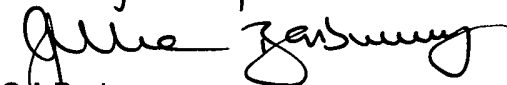
BALANCE SHEET  
AS AT 31 MAY 2017

	Note	2017 £	2016 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	2,144,948	2,986,943
Cash at bank and in hand	7	490,378	512,601
		<u>2,635,326</u>	<u>3,499,544</u>
Creditors: amounts falling due within one year	8	(797,790)	(1,509,330)
<b>Net current assets</b>		<u>1,837,536</u>	<u>1,990,214</u>
<b>Total assets less current liabilities</b>		<u>1,837,536</u>	<u>1,990,214</u>
<b>Net assets</b>		<u><u>1,837,536</u></u>	<u><u>1,990,214</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	100	100
Retained earnings at the beginning of the year		1,990,114	1,200,624
Movement in retained earnings		(152,678)	789,490
		<u>1,837,536</u>	<u>1,990,214</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

26th February 2018



G A Banbury  
Director

The notes on pages 8 to 12 form part of these financial statements.

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## AA LAW LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

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#### 1. General information

The Company's principal activity is the provision of legal services.

The Company is a private company limited by shares and is incorporated in England & Wales under the Companies Act. The address of its registered office is 43 Queen Square, Bristol, BS1 4QP.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

##### 2.2 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

##### Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 2.3 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.4 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.5 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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## AA LAW LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

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## 2. Accounting policies (continued)

### 2.5 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

### 2.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 2.7 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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AA LAW LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017

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2. Accounting policies (continued)

2.8 Accrued income

Where liability has been admitted by the other side insurer, revenue is recognised on the relevant portfolio of cases at the amount estimated to be recoverable by reference to hours incurred and average rates of recovery. Prior to liability having been admitted by the other side insurer, revenue is recognised on the relevant portfolio of cases at the lower of the amount estimated to be recoverable across the portfolio and the cost of work performed.

3. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	7,000	8,850
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
All other assurance services	7,500	-

4. Employees

The average monthly number of employees, including directors, during the year was 0 (2016 - 0).

5. Dividends

	2017 £	2016 £
Dividends paid	690,000	-

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AA LAW LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017

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6. Debtors

	2017 £	2016 £
Trade debtors	169,712	385,310
Other debtors	588,259	1,108,346
Prepayments and accrued income	1,386,977	1,493,287
	<u>2,144,948</u>	<u>2,986,943</u>

7. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>490,378</u>	<u>512,601</u>

8. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	383,769	1,072,776
Amounts owed to joint ventures	292,798	271,925
Corporation tax	58,021	108,989
Other creditors	63,202	55,640
	<u>797,790</u>	<u>1,509,330</u>

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AA LAW LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017

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9. Share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
49 A ordinary shares shares of £1 each	49	49
51 B ordinary shares shares of £1 each	51	51
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

The rights of the two classes of shares are the same. The right to participate in a distribution by way of dividend is at the discretion of the directors.

10. Related party transactions

Lyons Davidson Limited is a related party due to its joint venture shareholding in the company. During the year Lyons Davidson Limited charged the company £406,526 (2016: £891,422) for management and other services, £292,798 was due by the company to Lyons Davidson Limited at 31 May 2017 (2016: £271,925) in relation to this charge.

11. Controlling party

As the company is jointly owned by Automobile Association Insurance Services Limited and Lyons Davidson Limited there is not considered to be a single controlling party.