

Company No: 1759428

THE AA GROUP (HOLDINGS) LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2004



THE AA GROUP (HOLDINGS) LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2004

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THE AA GROUP (HOLDINGS) LIMITED

COMPANY INFORMATION

Director

Mr A T Price

Company secretary

Miss R A Price

Registered office

Priorswood Place
East Pimbo
Skelmersdale
WN8 9QB

Auditors

Moore and Smalley
Chartered Accountants
& Registered Auditors
Richard House
Winckley Square
Preston
PR1 3HP

Bankers

The Royal Bank of Scotland Plc
38 Market Place
Wigan
WN1 1PJ

THE AA GROUP (HOLDINGS) LIMITED

DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2004

The director presents his report and the accounts of the company for the year ended 31 December 2004.

Principal activities and business review

The company's principal activity during the year was that of a holding company.

The directors are pleased with the results of the company for the year.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached accounts.

The director has recommended the following dividends:

	2004 £	2003 £
Proposed dividends on ordinary shares	—	180,000
Dividends paid on ordinary shares	<u>80,000</u>	<u>61,000</u>
	<u>80,000</u>	<u>241,000</u>

Director

The director who served the company during the year together with his beneficial interests in the shares of the company was as follows:

	Ordinary shares £1 At 31 December 2004	Shares of £1 each At 1 January 2004
Mr A T Price	<u>9,999</u>	<u>9,999</u>

Director's responsibilities

Company law requires the director to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those accounts, the director is required to select suitable accounting policies, as described on pages 11 to 12, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director must also prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

THE AA GROUP (HOLDINGS) LIMITED

DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2004

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the accounts comply with the Companies Act 1985. The director is 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.

Auditors

A resolution to re-appoint Moore and Smalley as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the director

RAPrice,

Miss R A Price
Company Secretary

Approved by the director on 13 October 2005

THE AA GROUP (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 20 together with the accounts of the company for the year ended 31 December 2004 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the director and the auditors

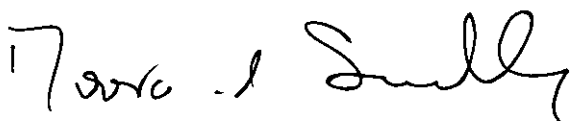
The director is responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the accounts.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 20 are properly prepared in accordance with those provisions.



Moore and Smalley

Chartered Accountants & Registered Auditors

13 October 2005

THE AA GROUP (HOLDINGS) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2004

	Note	2004 £	2003 £
Gross profit		83,776	170,437
Administrative expenses		(67,891)	(85,881)
Operating profit:	2		
Continuing operations		15,885	84,557
(Profit)/loss on participating interests		—	29,990
		15,885	114,547
Income from shares in group undertakings	4	80,000	196,000
Interest payable and similar charges	5	(36,588)	(16,927)
Profit on ordinary activities before taxation		59,297	293,620
Tax on profit on ordinary activities	6	(4,717)	(17,801)
Profit on ordinary activities after taxation		54,580	275,819
Dividends	7	(80,000)	(241,000)
(Loss)/retained profit for the financial year		(25,420)	34,819

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

THE AA GROUP (HOLDINGS) LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

YEAR ENDED 31 DECEMBER 2004

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2004 £	2003 £
Reported profit on ordinary activities before taxation	59,297	293,619
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	(2,200)	(2,202)
Historical cost profit on ordinary activities before taxation	<u>57,097</u>	<u>291,417</u>
Historical cost (loss)/profit for the year retained after taxation and dividends	<u>(27,620)</u>	<u>32,616</u>

THE AA GROUP (HOLDINGS) LIMITED

ABBREVIATED BALANCE SHEET

31 DECEMBER 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	8	606,957	671,982
Investments	9	1,080	1,080
		<u>608,037</u>	<u>673,062</u>
Current assets			
Debtors	10	286,019	518,813
Cash at bank		46,049	—
		<u>332,068</u>	<u>518,813</u>
Creditors: amounts falling due within one year	11	205,261	377,761
Net current assets		<u>126,807</u>	<u>141,052</u>
Total assets less current liabilities		<u>734,844</u>	<u>814,114</u>
Creditors: amounts falling due after more than one year	12	367,082	410,619
		<u>367,762</u>	<u>403,495</u>
Provisions for liabilities and charges			
Deferred taxation	14	32,966	43,279
		<u>334,796</u>	<u>360,216</u>
Capital and reserves			
Called-up equity share capital	15	10,000	10,000
Share premium account	16	5,313	5,313
Revaluation reserve	16	57,205	59,405
Other reserves	16	15,313	15,313
Profit and loss account	16	246,965	270,185
Shareholders' funds	17	<u>334,796</u>	<u>360,216</u>

These abbreviated accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved and signed by the director on 13.10.05

Mr A T Price
Director



THE AA GROUP (HOLDINGS) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2004

	2004		2003	
	£	£	£	£
Net cash inflow from operating activities		310,439		132,784
Returns on investments and servicing of finance				
Income from group undertakings	80,000		196,000	
Interest paid	(34,679)		(10,263)	
Interest element of hire purchase	(1,909)		(6,664)	
Net cash inflow from returns on investments and servicing of finance		43,412		179,073
Taxation		(22,973)		(38,187)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	—		(18,105)	
Receipts from sale of fixed assets	1,399		—	
Disposal of investments	—		29,990	
Net cash inflow for capital expenditure and financial investment		1,399		11,885
Acquisitions and disposals				
Disposal of investments in participating interests	—		10	
Net cash inflow from acquisitions and disposals		—		10
Equity dividends paid		(260,000)		(129,800)
Cash inflow before financing		72,277		155,765
Financing				
Issue of equity share capital	—		(5,313)	
Purchase of own equity shares	—		(10,000)	
Premium on purchase of own equity shares	—		(584,687)	
(Repayment) of bank loans	(96,818)		458,757	
Capital element of hire purchase	74,522		(21,637)	
Net cash outflow from financing		(22,296)		(162,880)
Increase/(decrease) in cash		49,981		(7,115)

THE AA GROUP (HOLDINGS) LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2004

Reconciliation of operating profit to net cash inflow from operating activities

	2004 £	2003 £
Operating profit	15,885	84,556
Depreciation	58,824	58,152
Loss on disposal of fixed assets	4,802	—
Decrease/(increase) in debtors	232,794	(5,487)
Decrease in creditors	(1,866)	(4,437)
Net cash inflow from operating activities	310,439	132,784

Reconciliation of net cash flow to movement in net debt

	2004 £	2003 £
Increase/(decrease) in cash in the period	49,981	(7,115)
Net cash outflow from/(inflow) from bank loans	96,818	(458,757)
Cash outflow in respect of hire purchase	(74,522)	21,637
	72,277	(444,235)
Change in net debt	72,277	(444,235)
Net debt at 1 January 2004	(564,756)	(120,521)
Net debt at 31 December 2004	(492,479)	(564,756)

THE AA GROUP (HOLDINGS) LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2004

Analysis of changes in net debt

	At 1 Jan 2004 £	Cash flows £	At 31 Dec 2004 £
Net cash:			
Cash in hand and at bank	—	46,049	46,049
Overdrafts	(3,932)	3,932	—
	<u>(3,932)</u>	<u>49,981</u>	<u>46,049</u>
Debt:			
Debt due within 1 year	(129,738)	—	(129,738)
Debt due after 1 year	(405,798)	96,818	(308,980)
Hire purchase agreements	(25,288)	(74,522)	(99,810)
	<u>(560,824)</u>	<u>22,296</u>	<u>(538,528)</u>
Net debt	<u>(564,756)</u>	<u>72,277</u>	<u>(492,479)</u>

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Any changes in accounting policy resulting from the implementation of new accounting standards, which have a material effect on the accounts, are disclosed separately within the relevant note to the accounts.

Consolidation

In the opinion of the director, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line
Plant & Machinery	-	10% straight line and 20% reducing balance
Computer Equipment	-	20% straight line

The estimation regarding the useful economic lives of assets in the plant and machinery category, has changed during the year from all assets being depreciated 10% straight line to a combination of some assets being depreciated 10% straight line and some being depreciated 20% reducing balance to reflect differing useful lives.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2004

1 Accounting policies (continued)

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2 Operating profit

Operating profit is stated after charging:

	2004 £	2003 £
Director's emoluments	—	—
Depreciation of owned fixed assets	12,498	34,994
Depreciation of assets held under hire purchase agreements	46,326	23,158
Loss on disposal of fixed assets	4,802	—
Auditors' remuneration - as auditors	3,000	3,000

3 Particulars of employees

No salaries or wages have been paid to employees, including the director, during the year.

4 Income from shares in group undertakings

	2004 £	2003 £
Income from group undertakings	80,000	196,000

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2004

5 Interest payable and similar charges

	2004 £	2003 £
Interest payable on bank borrowing	34,679	10,263
Finance charges	1,909	6,664
	<u>36,588</u>	<u>16,927</u>

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2004

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2004 £	2003 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 26.63% (2003 - 22.60%)	15,030	22,973
Over/under provision in prior year	—	(13)
Total current tax	15,030	22,960
Deferred tax:		
Origination and reversal of timing differences (note 14)		
Capital allowances	(10,313)	(5,159)
Tax on profit on ordinary activities	4,717	17,801

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26.63% (2003 - 22.60%).

	2004 £	2003 £
Profit on ordinary activities before taxation	59,297	293,619
Profit/(loss) on ord actvs by rate of tax	15,791	66,358
Depreciation in excess of capital allowances	20,544	(3,619)
Disallowable expenditure	—	(3,802)
Non taxable income from group investments	(21,305)	(35,977)
Total current tax (note 6(a))	15,030	22,960

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2004

7 Dividends

The following dividends have been paid or proposed in respect of the year:

	2004 £	2003 £
Proposed dividend on ordinary shares	—	180,000
Dividend paid on ordinary shares	80,000	61,000
	<u>80,000</u>	<u>241,000</u>

8 Tangible fixed assets

	Freehold property £	Plant & machinery £	Computer Equipment £	Total £
Cost or valuation				
At 1 January 2004	504,113	463,334	18,105	985,552
Disposals	—	(12,881)	—	(12,881)
At 31 December 2004	<u>504,113</u>	<u>450,453</u>	<u>18,105</u>	<u>972,671</u>
Depreciation				
At 1 January 2004	72,684	239,796	1,090	313,570
Charge for the year	9,865	44,601	4,358	58,824
On disposals	—	(6,680)	—	(6,680)
At 31 December 2004	<u>82,549</u>	<u>277,717</u>	<u>5,448</u>	<u>365,714</u>
Net book value				
At 31 December 2004	<u>421,564</u>	<u>172,736</u>	<u>12,657</u>	<u>606,957</u>
At 31 December 2003	<u>431,429</u>	<u>223,538</u>	<u>17,015</u>	<u>671,982</u>

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2004

8 Tangible fixed assets (continued)

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2004 £	2003 £
Historical cost	382,788	382,788
Depreciation:		
At 1 January 2004	70,035	62,380
Charge for year	7,655	7,655
At 31 December 2004	77,690	70,035
Net historical cost value:		
At 31 December 2004	305,098	312,753
At 1 January 2004	312,753	320,408

Hire purchase agreements

Included within the net book value of £606,957 is £179,495 (2003 - £136,364) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £46,326 (2003 - £23,158).

9 Investments

	Other Investments Other than Loans £
Cost	
At 1 January 2004 and 31 December 2004	1,080
Net book value	
At 31 December 2004	1,080
At 31 December 2003	1,080

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2004

9 Investments (continued)

The company owns 100% of the issued share capital of The AA Group Limited and 80% of the issued share capital of Metaldeck Limited, both of these companies are registered within the United Kingdom.

	2004 £	2003 £
Aggregate capital and reserves		
The AA Group Limited	118,621	115,249
Metaldeck Limited	488,578	222,316
Profit and (loss) for the year		
The AA Group Limited	83,372	183,647
Metaldeck Limited	266,663	179,814

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

10 Debtors

	2004 £	2003 £
Trade debtors	1,645	—
Amounts owed by group undertakings	269,274	488,713
Other debtors	15,000	30,000
Prepayments and accrued income	100	100
	<u>286,019</u>	<u>518,813</u>

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2004

11 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	129,738	133,670
Corporation tax	15,030	22,973
VAT	9,885	9,151
Hire purchase agreements	41,708	20,467
Dividends payable	—	180,000
Other creditors	5,000	5,000
Accruals and deferred income	3,900	6,500
	<u>205,261</u>	<u>377,761</u>

The bank loan is secured on the following:

- 1, An Intercompany Guarantee between the AA Group Limited and AA Group (Holdings) Limited dated 28 February 2001
- 2, A Debenture dated 20 June 1988
- 3, A Legal Charge dated 3 July 1992 over 5 Priorswood Place, East Pimbo, Skelmersdale.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2004 £	2003 £
Bank loans and overdrafts	<u>129,738</u>	<u>129,738</u>

12 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Bank loans and overdrafts	308,980	405,798
Hire purchase agreements	58,102	4,821
	<u>367,082</u>	<u>410,619</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2004 £	2003 £
Bank loans and overdrafts	<u>308,980</u>	<u>405,798</u>

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2004

13 Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2004 £	2003 £
Amounts payable within 1 year	41,708	20,467
Amounts payable between 2 to 5 years	58,102	4,821
	<u>99,810</u>	<u>25,288</u>

14 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2004 £	2003 £
Provision brought forward	43,279	48,438
Profit and loss account movement arising during the year	(10,313)	(5,159)
Provision carried forward	<u>32,966</u>	<u>43,279</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2004 £	2003 £
Excess of taxation allowances over depreciation on fixed assets	32,966	43,279
	<u>32,966</u>	<u>43,279</u>

15 Share capital

Authorised share capital:

	2004 £	2003 £
10,000 Ordinary shares £1 shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2004 No	£	2003 No	£
Ordinary shares £1 shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2004

16 Reserves

	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
At 1 January 2004	5,313	59,405	15,313	270,185
Loss for the year	—	—	—	(25,420)
Other movements				
- transfer to/from revaluation reserve	—	(2,200)	—	2,200
At 31 December 2004	<u>5,313</u>	<u>57,205</u>	<u>15,313</u>	<u>246,965</u>

17 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	54,580	275,818
Dividends	(80,000)	(241,000)
	<u>(25,420)</u>	<u>34,818</u>
Premium on new share capital subscribed	—	(5,313)
	<u>(25,420)</u>	<u>29,505</u>
Purchase of own equity shares	—	(10,000)
Premium on purchase of own equity shares	—	(584,687)
	<u>—</u>	<u>(594,687)</u>
Transfer from revaluation reserve	2,200	2,200
Transfer to profit and loss account	(2,200)	(2,200)
	<u>—</u>	<u>—</u>
Net reduction to shareholders' equity funds	(25,420)	(565,182)
Opening shareholders' equity funds	360,216	925,398
Closing shareholders' equity funds	<u>334,796</u>	<u>360,216</u>