

THE AA GROUP (HOLDINGS) LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2003



THE AA GROUP (HOLDINGS) LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

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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 2003

The director presents his report and the accounts of the company for the year ended 31 December 2003.

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:

	2003 £	2002 £
Proposed dividends on ordinary shares	180,000	68,800
Dividends paid on ordinary shares	61,000	36,000
	<u>241,000</u>	<u>104,800</u>

Directors

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary shares £1 At 31 December 2003	Shares of £1 each At 1 January 2003
Mr A T Price	<u>9,999</u>	<u>9,999</u>

Mr A Smith retired as a director on 30 September 2003.

Director's Responsibilities

Company law requires the directors 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 directors are required to select suitable accounting policies, as described on pages 10 to 11, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors 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 2003

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

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

Miss R A Price
Secretary

Approved by the director on*RAPrice*.....
13th May 04

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 17, together with the accounts of the company for the year ended 31 December 2003 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 audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Directors and the Auditors

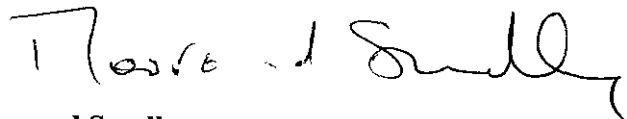
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of 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 17 are properly prepared in accordance with those provisions.



Moore and Smalley
Chartered Accountants & Registered Auditors

13 May 04

THE AA GROUP (HOLDINGS) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2003

	Note	2003 £	2002 £
Gross Profit		170,437	211,283
Administrative expenses		(85,880)	(58,397)
Operating Profit:	2		
Continuing operations		84,557	152,886
(Profit)/loss on participating interests		29,990	—
		114,547	152,886
Income from shares in group undertakings	4	196,000	68,800
Interest payable	5	(16,927)	(10,447)
Profit on Ordinary Activities Before Taxation		293,620	211,239
Tax on profit on ordinary activities	6	(17,801)	(41,917)
Profit on Ordinary Activities after Taxation		275,819	169,322
Dividends	7	(241,000)	(104,800)
Retained Profit for the Financial Year		34,819	64,522

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

THE AA GROUP (HOLDINGS) LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

YEAR ENDED 31 DECEMBER 2003

	2003 £	2002 £
Reported profit on ordinary activities before taxation	293,620	211,239
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	<u>(2,202)</u>	<u>(1,825)</u>
Historical cost profit on ordinary activities before taxation	<u>291,418</u>	<u>209,414</u>
Historical cost profit for the year retained after taxation and dividends	<u>32,617</u>	<u>62,697</u>

THE AA GROUP (HOLDINGS) LIMITED

ABBREVIATED BALANCE SHEET

31 DECEMBER 2003

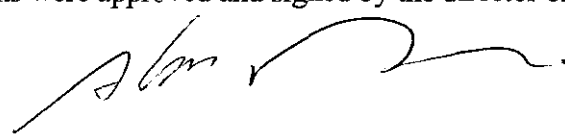
	Note	2003 £	2002 £
Fixed Assets			
Tangible assets	8	671,982	712,029
Investments	9	1,080	1,090
		<u>673,062</u>	<u>713,119</u>
Current Assets			
Debtors	10	518,814	513,326
Cash at bank		—	3,183
		<u>518,814</u>	<u>516,509</u>
Creditors: Amounts falling due within one year	11	<u>377,761</u>	<u>178,236</u>
Net Current Assets		<u>141,053</u>	<u>338,273</u>
Total Assets Less Current Liabilities		<u>814,115</u>	<u>1,051,392</u>
Creditors: Amounts falling due after more than one year	12	<u>410,619</u>	<u>77,556</u>
		<u>403,496</u>	<u>973,836</u>
Provisions for Liabilities and Charges			
Deferred taxation	14	43,279	48,438
		<u>360,217</u>	<u>925,398</u>
Capital and Reserves			
Called-up equity share capital	15	10,000	20,000
Share premium account	16	5,313	10,626
Revaluation reserve	16	59,405	61,605
Other reserves	16	15,313	—
Profit and loss account	16	270,186	833,167
Shareholders' Funds	17	<u>360,217</u>	<u>925,398</u>

These 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 13.05.04

Mr A T Price

Director



THE AA GROUP (HOLDINGS) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2003

	2003		2002
	£	£	£
Net Cash Inflow From Operating Activities		132,784	209,226
Returns on Investments and Servicing of Finance			
Income from group undertakings	196,000		68,800
Interest paid	(10,263)		(7,801)
Interest element of hire purchase	(6,664)		(2,646)
Net Cash Inflow From Returns on Investments and Servicing of Finance		179,073	58,353
Taxation		(38,187)	(21,437)
Capital Expenditure and Financial Investment			
Payments to acquire tangible fixed assets	(18,105)		(36,056)
Disposal of Investments brought forward	29,990		—
Net Cash Inflow/(Outflow) for Capital Expenditure and Financial Investment		11,885	(36,056)
Acquisitions and Disposals			
Disposal of investments in participating interests	10		—
Net Cash Inflow From Acquisitions and Disposals		10	—
Equity Dividends Paid		(129,800)	(116,000)
Cash Inflow Before Financing		155,765	94,086
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	458,757		(34,048)
Capital element of hire purchase	(21,637)		(56,855)
Net Cash Outflow From Financing		(162,880)	(90,903)
(Decrease)/Increase in Cash		(7,115)	3,183

THE AA GROUP (HOLDINGS) LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2003

Reconciliation of Operating Profit to Net Cash Inflow From Operating Activities

	2003 £	2002 £
Operating profit	84,557	152,886
Depreciation	58,152	58,366
Increase in debtors	(5,488)	(22,114)
(Decrease)/Increase in creditors	(4,437)	20,088
Net cash inflow from operating activities	132,784	209,226

Reconciliation of Net Cash Flow to Movement in Net Debt

	2003 £	2002 £
(Decrease)/Increase in cash in the period	(7,115)	3,183
Net cash (inflow) from/outflow from bank loans	(458,757)	34,048
Cash outflow in respect of hire purchase	21,637	56,855
	(444,235)	94,086
Change in net debt	(444,235)	94,086
Net debt at 1 January 2003	(120,521)	(214,607)
Net debt at 31 December 2003	(564,756)	(120,521)

Analysis of Changes in Net Debt

	At 1 Jan 2003 £	Cash flows £	At 31 Dec 2003 £
Net cash:			
Cash in hand and at bank	3,183	(3,183)	—
Overdrafts	—	(3,932)	(3,932)
	3,183	(7,115)	(3,932)
Debt:			
Debt due within 1 year	(14,036)	(115,702)	(129,738)
Debt due after 1 year	(62,743)	(343,055)	(405,798)
Hire purchase agreements	(46,925)	21,637	(25,288)
	(123,704)	(437,120)	(560,824)
Net debt	(120,521)	(444,235)	(564,756)

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

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% reducing balance

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.

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.

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

1. Accounting Policies *(continued)*

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:

	2003 £	2002 £
Director's emoluments	—	—
Depreciation of owned fixed assets	34,994	36,298
Depreciation of assets held under hire purchase agreements	23,158	22,068
Auditors' remuneration - as auditors	3,000	—

3. Particulars of Employees

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

4. Income From Shares in Group Undertakings

	2003 £	2002 £
Income from group undertakings	196,000	68,800

5. Interest Payable

	2003 £	2002 £
Interest payable on bank borrowing	10,263	7,801
Finance charges	6,664	2,646
	16,927	10,447

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

6. Tax on Profit on Ordinary Activities

(a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 22.60% (2002 - 27%)	22,973	38,200
Over/under provision in prior year	(13)	—
Total current tax	22,960	38,200
Deferred tax:		
(Decrease)/Increase in deferred tax provision (note 14)		
Capital allowances	(5,159)	30,651
Other	—	(26,934)
Total deferred tax (note 14)	(5,159)	3,717
Tax on profit on ordinary activities	17,801	41,917

(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 22.60% (2002 - 27%).

	2003	2002
	£	£
Profit on ordinary activities before taxation	293,620	211,239
Profit/(loss) on ord actvs by rate of tax	66,358	57,035
Depreciation in excess of capital allowances	(3,619)	(13,751)
Disallowable expenditure	(3,802)	(5,084)
No taxable income from group investments	(35,977)	—
Total current tax (note 6(a))	22,960	38,200

7. Dividends

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

	2003	2002
	£	£
Proposed dividend on ordinary shares	180,000	68,800
Dividend paid on ordinary shares	61,000	36,000
	241,000	104,800

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

8. Tangible Fixed Assets

	Freehold Property £	Plant & Machinery £	Computer Equipment £	Total £
Cost or Valuation				
At 1 January 2003	504,113	463,334	–	967,447
Additions	–	–	18,105	18,105
At 31 December 2003	504,113	463,334	18,105	985,552
Depreciation				
At 1 January 2003	62,829	192,589	–	255,418
Charge for the year	9,855	47,207	1,090	58,152
At 31 December 2003	72,684	239,796	1,090	313,570
Net Book Value				
At 31 December 2003	431,429	223,538	17,015	671,982
At 31 December 2002	441,284	270,745	–	712,029

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

	2003 £	2002 £
Historical cost	382,788	382,788
Depreciation:		
At 1 January 2003	62,380	54,725
Charge for year	7,655	7,655
At 31 December 2003	70,035	62,380
Net historical cost value:		
At 31 December 2003	312,753	320,408
At 1 January 2003	320,408	328,063

Hire purchase agreements

Included within the net book value of £671,982 is £136,364 (2002 - £141,326) 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 £23,158 (2002 - £22,068).

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

9. Investments

	Other Investments Other than Loans
	£
Cost	
At 1 January 2003	1,090
Disposals	(10)
At 31 December 2003	<u>1,080</u>
Net Book Value	
At 31 December 2003	<u>1,080</u>
At 31 December 2002	<u>1,090</u>

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.

Aggregate capital and reserves

The AA Group Limited	198,111	31,602
Metaldeck Limited	205,435	162,503
Profit and (loss) for the year		
The AA Group Limited	167,509	40,687
Metaldeck Limited	162,933	107,234

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

	2003 £	2002 £
Amounts owed by group undertakings	488,714	444,426
Other debtors	30,000	68,800
Prepayments and accrued income	100	100
	<u>518,814</u>	<u>513,326</u>

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

11. Creditors: Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	133,670	14,036
Corporation tax	22,973	38,200
VAT	9,151	18,298
Hire purchase agreements	20,467	32,112
Dividends payable	180,000	68,800
Other creditors	5,000	—
Directors current accounts	—	6,790
Accruals and deferred income	6,500	—
	<u>377,761</u>	<u>178,236</u>

The bank overdraft is secured by a fixed and floating charge over all of the company's assets.

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

	2003	2002
	£	£
Bank loans and overdrafts	<u>129,738</u>	<u>14,036</u>

12. Creditors: Amounts falling due after more than one year

	2003	2002
	£	£
Bank loans and overdrafts	405,798	62,743
Hire purchase agreements	4,821	14,813
	<u>410,619</u>	<u>77,556</u>

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

	2003	2002
	£	£
Bank loans and overdrafts	<u>405,798</u>	<u>62,743</u>

13. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	20,467	32,112
Amounts payable between 2 to 5 years	4,821	14,813
	<u>25,288</u>	<u>46,925</u>

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

14. Deferred Taxation

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	48,438	44,721
Profit and loss account movement arising during the year	(5,159)	3,717
Provision carried forward	<u>43,279</u>	<u>48,438</u>

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

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	43,279	48,438
	<u>43,279</u>	<u>48,438</u>

15. Share Capital

Authorised share capital:

	2003 £	2002 £
10,000 Ordinary shares £1 shares of £1 each	<u>10,000</u>	<u>20,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares £1 shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>20,000</u>	<u>20,000</u>

16. Reserves

	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	10,626	61,605	—	833,167
Retained profit for the year	—	—	—	34,819
Other movements				
Purchase of own shares	—	—	15,313	(600,000)
- transfer to/from revaluation reserve	—	(2,200)	—	2,200
Premium relating to purchase of own shares	(5,313)	—	—	—
Balance carried forward	<u>5,313</u>	<u>59,405</u>	<u>15,313</u>	<u>270,186</u>

THE AA GROUP (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

17. Reconciliation of Movements in Shareholders' Funds

	2003		2002	
	£	£	£	£
Profit for the financial year		275,819		169,322
Dividends		(241,000)		(104,800)
		<u>34,819</u>		<u>64,522</u>
Reduction in share premium account		(5,313)		—
		<u>29,506</u>		<u>64,522</u>
Purchase of own equity shares	(10,000)		—	
Premium on purchase of own equity shares	(584,687)		—	
		<u>(594,687)</u>		<u>—</u>
Transfer from revaluation reserve		2,200		1,824
Transfer to profit and loss account		(2,200)		(1,824)
Net (reduction)/addition to funds		<u>(565,181)</u>		<u>64,522</u>
Opening shareholders' equity funds		925,398		860,876
Closing shareholders' equity funds		<u>360,217</u>		<u>925,398</u>