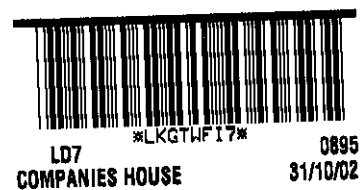


***AUTOMOBILE ASSOCIATION  
PROTECTION AND INVESTMENT  
PLANNING LIMITED  
ANNUAL REPORT AND ACCOUNTS  
31 DECEMBER 2001***



***Registered number: 2023217***

# **AUTOMOBILE ASSOCIATION PROTECTION AND INVESTMENT PLANNING LIMITED**

## **REPORT OF THE DIRECTORS**

### **FOR THE YEAR ENDED 31 DECEMBER 2001**

1 The directors present the audited financial statements for the year ended 31 December 2001.

## **2 REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS**

The profit and loss account for the year is set out on page 6.

The main activity of the company is to provide independent life broking and financial advisory services. The portfolio of clients was transferred during 1999 to Protection and Investment Limited, an unrelated company. Under the terms of the transfer the company earns a proportion of new business and renewal commissions. This is now the company's sole source of income.

## **3 DIVIDENDS**

The directors do not recommend the payment of a dividend in respect of the year (2000, £nil).

## **4 DIRECTORS**

The directors of the company were as follows:

Centrica Directors Limited	- appointed 14 March 2002
Centrica Secretaries Limited	- appointed 14 March 2002
George Lowe	- resigned 31 January 2001
Colin Pett	- resigned 14 March 2002
Kerry Richardson	- resigned 14 March 2002

## **5 DIRECTORS' INTERESTS**

At no time did any director holding office at 31 December 2001 have any interest in the shares of the company, or any other company in the Centrica plc group, except for interests in, and options over, the ordinary shares of the ultimate parent company, Centrica plc, as set out below.

The directors with interests in ordinary shares of Centrica plc during the period (which include those of their families), and who were holding office at the year end are as follows:

### **Interests in ordinary shares**

	As at 31 Dec 2001	As at 31 Dec 2000
Colin Pett	-	-
Kerry Richardson	1,760	1,760

Interests shown include shares held under the terms of the Centrica plc profit sharing scheme, where applicable.

## AUTOMOBILE ASSOCIATION PROTECTION AND INVESTMENT PLANNING LIMITED

## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2001 -continued

## 5 DIRECTORS' INTERESTS – continued

## Sharesave Scheme

	As at 31 Dec 2001	As at 31 Dec 2000
Colin Pett	8,329	8,329
Kerry Richardson	-	-

Options over shares in Centrica plc granted in June 2000 were at an option price of 202.6 pence per share.

## Long Term Incentive Scheme

	As at 31 Dec 2001	Granted in the year	Exercised during year	As at 31 Dec 2000
Colin Pett	79,293	22,444	-	56,849
Kerry Richardson	200,588	56,355	-	144,233

Notional allocations of shares were made on 1 October 2001 at a base price of 234.37 pence. Figures as at 31 December 2001 shown above include notional allocations of shares subject to performance conditions and allocations of shares that have reached the conclusion of the relevant performance period but will not be transferred until the expiry of the retention period (a further two years).

## Executive Share Option Scheme

	As at 31 Dec 2001	Granted in the year	Exercised during year	As at 31 Dec 2000
Colin Pett	-	-	-	-
Kerry Richardson	96,229	96,229	-	-

Options were granted on 31 May 2001 under the terms of the Executive Share Option Scheme at an option price of 240.05 pence. The options will become exercisable, to the extent that performance conditions are satisfied, three years after the date of the grant and remain exercisable until the tenth anniversary of the grant.

Options were granted under the terms of the ultimate parent company's Savings Related Share Option Scheme and New Executive Share Option Scheme, and allocations made under the terms of the Long Term Incentive Scheme. Details of these schemes can be found in the accounts of Centrica plc.

The closing price of a Centrica plc ordinary share on the last trading day of 2001 (31 December) was 222 pence. The range during the year was 257 pence (high) and 199.75 pence (low).

There were no contracts of significance subsisting during or at the end of the financial period to which the company is a party and in which any director is or was materially interested.

**AUTOMOBILE ASSOCIATION PROTECTION AND INVESTMENT PLANNING LIMITED****REPORT OF THE DIRECTORS****FOR THE YEAR ENDED 31 DECEMBER 2001 -continued****6 DIRECTORS' AND OFFICERS' LIABILITY**

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc.

**7 AUDITORS**

PricewaterhouseCoopers have expressed their willingness to continue in office as auditors.

BY ORDER OF THE BOARD



Philip Davies

FOR AND ON BEHALF OF  
CENTRICA SECRETARIES LIMITED

SECRETARY

22 OCTOBER 2002

Registered Office:  
Millstream  
Maidenhead Road  
Windsor  
Berkshire SL4 5GD

**AUTOMOBILE ASSOCIATION PROTECTION AND INVESTMENT PLANNING LIMITED****DIRECTORS' STATEMENT OF RESPONSIBILITY****IN RELATION TO FINANCIAL STATEMENTS**

The directors are required by the Companies Act 1985 to prepare financial statements for each year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 6 to 12, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AUTOMOBILE ASSOCIATION PROTECTION AND INVESTMENT PLANNING LIMITED**

We have audited the financial statements on pages 6 to 12 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 8 and 9.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibility on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2001 and its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

PricewaterhouseCoopers  
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS  
LONDON,  
29 OCTOBER 2002

**AUTOMOBILE ASSOCIATION PROTECTION AND INVESTMENT PLANNING LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2001**

	<b>Notes</b>	<b>2001 £'000</b>	<b>2000 £'000</b>
<b>TURNOVER</b>	2	<b>209</b>	145
Operating expenditure		<b>(7)</b>	(294)
Other interest receivable and similar income	3	-	5
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>202</b>	(144)
<b>TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>	7	-	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>202</b>	(144)
<b>RETAINED PROFIT AT 1 JANUARY</b>		<b>1,381</b>	1,525
<b>RETAINED PROFIT AT 31 DECEMBER</b>		<b>1,583</b>	1,381

All items dealt with in arriving at the results before taxation for 2001 and 2000 relate to continuing operations.

As the financial statements have been drawn up under the historical cost convention, there is no difference between the profit and loss account, reported above, and its historical cost equivalent.

The company has no recognised gains or losses in 2001 and 2000, other than those included in the results for the financial years reported above and, therefore, no separate statement of total recognised gains and losses is presented.

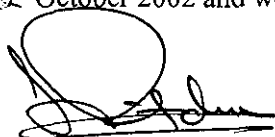
The notes on pages 8 to 12 form part of these financial statements.

## AUTOMOBILE ASSOCIATION PROTECTION AND INVESTMENT PLANNING LIMITED

## BALANCE SHEET - 31 DECEMBER 2001

	Notes	2001 £'000	2000 £'000
<b>CURRENT ASSETS</b>			
Debtors	8	19	28
Cash at bank and in hand		<u>3,007</u>	<u>2,752</u>
		<b>3,026</b>	<b>2,780</b>
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(398)</u>	<u>(354)</u>
<b>NET CURRENT ASSETS</b>		<b>2,628</b>	<b>2,426</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>2,628</b></u>	<u><b>2,426</b></u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	10	<b>(281)</b>	<b>(281)</b>
<b>NET ASSETS</b>		<u><b>2,347</b></u>	<u><b>2,145</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	764	764
Profit and loss account		<u>1,583</u>	<u>1,381</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	12	<u><b>2,347</b></u>	<u><b>2,145</b></u>

The financial statements on pages 6 to 12 were approved by the board of directors on 22 October 2002 and were signed on its behalf by:



FOR AND ON BEHALF OF  
CENTRICA DIRECTORS LIMITED  
DIRECTOR

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

**AUTOMOBILE ASSOCIATION PROTECTION AND INVESTMENT PLANNING LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001****1 ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention and the Companies Act 1985. Both Financial Reporting Standard (FRS) 18, Accounting Policies, and FRS 19, Deferred Tax, were adopted in 2001.

A summary of accounting policies is set out below.

**Turnover**

Turnover relates to commission received from the broking of financial products, and excludes value added tax, insurance premium tax and other interest receivable and similar income.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# **AUTOMOBILE ASSOCIATION PROTECTION AND INVESTMENT PLANNING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 - continued**

### **1 ACCOUNTING POLICIES - continued**

#### **Advertising, promotion and mailing campaign costs**

Advertising, promotion and mailing campaign costs are written off as incurred.

#### **Cash flow statement**

The company is a wholly owned subsidiary of Centrica plc, whose consolidated financial statements are publicly available. The company is, therefore, exempt from the requirement to prepare a cash flow statement under FRS 1 (Revised).

### **2 TURNOVER**

All of the turnover arises from one class of business within the United Kingdom.

### **3 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	2001 £'000	2000 £'000
Other interest receivable	<u>-</u>	<u>5</u>

### **4 AUDITORS' REMUNERATION**

The remuneration of the auditors of the company for audit services was borne by Automobile Association Insurance Services Limited. (2000 – Audit fees borne by company - £8,000).

### **5 DIRECTORS' EMOLUMENTS**

The emoluments of the directors are paid by other group companies. Their services to this company are of a non-executive nature and their emoluments are deemed to be wholly attributable to the services of those companies.

### **6 EMPLOYEES**

The average number of persons employed by the company during the year was nil (2000, nil).

## AUTOMOBILE ASSOCIATION PROTECTION AND INVESTMENT PLANNING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 - continued

## 7 TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2001 £'000	2000 £'000
Total tax on ordinary activities	-	-

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2001 £'000	2000 £'000
Profit/(loss) on ordinary activities before tax	202	(144)
Tax on profit/(loss) on ordinary activities at standard UK Corporation tax rate of 30% (2000, 30%)	61	(43)
Effects of:		
Income not taxable	-	(2)
Capital allowances in excess of depreciation	(1)	-
Group relief	(60)	45
Current tax charge for the year	-	-

## 8 DEBTORS

## Amounts falling due within one year

	2001 £'000	2000 £'000
Amounts owed by group undertakings	17	11
Prepayments and accrued income	-	12
Other debtors	2	5
	19	28

## 9 CREDITORS

## Amounts falling due within one year

	2001 £'000	2000 £'000
Amounts owed to group undertakings	348	303
Other creditors	50	51
	398	354

**AUTOMOBILE ASSOCIATION PROTECTION AND INVESTMENT PLANNING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 - continued**

**10 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>£'000</b>
At 1 January 2001	281
<b>At 31 December 2001</b>	<b><u>281</u></b>

In the light of the report of the Securities and Investments Board, the company has provided £281,000 (2000, £281,000) for amounts potentially payable to customers arising from complaints concerning the provision of inappropriate advice on pension transfers and opt outs, and Free - Standing AVC pension schemes. This provision has been estimated in line with industry standard rates and is expected to be spent during the next two years.

**11 CALLED UP SHARE CAPITAL**

	<b>2001 £'000</b>	<b>2000 £'000</b>
Ordinary shares of £1 each		
Authorised	<b><u>1,000</u></b>	<b><u>1,000</u></b>
Issued, called up and fully paid	<b><u>764</u></b>	<b><u>764</u></b>

**12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2001 £'000</b>	<b>2000 £'000</b>
Profit/(loss) for the financial year	<b>202</b>	<b>(144)</b>
Shareholders' funds at 1 January	<b>2,145</b>	<b>2,289</b>
<b>Shareholders' funds at 31 December</b>	<b><u>2,347</u></b>	<b><u>2,145</u></b>

**13 COMMITMENTS**

The company is part of a group cross guarantee arrangement whereby it has guaranteed the overdrafts of certain other group undertakings. At 31 December 2001, the company's exposure under this guarantee was £ 3,007,173 (2000, £2,751,707).

**AUTOMOBILE ASSOCIATION PROTECTION AND INVESTMENT PLANNING LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 - continued****14 RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary of the Centrica Group, the company is exempt from the requirement to disclose related party transactions with other group undertakings under FRS 8 which cancel on consolidation. There are no other related party transactions that require disclosure.

**15 ULTIMATE OWNERSHIP**

The company is a wholly owned subsidiary of Automobile Association Insurance Services Holdings Limited, a company registered in England and Wales.

The ultimate parent undertaking is Centrica plc, whose principal place of business is situated at Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD. Copies of the Annual Report and Accounts of Centrica plc are available from the Company Secretary at this address. Centrica plc is the smallest and largest group to consolidate these financial statements.