

***AUTOMOBILE ASSOCIATION  
INSURANCE SERVICES  
HOLDINGS LIMITED  
ANNUAL REPORT AND ACCOUNTS  
31 DECEMBER 2002***

***Registered number: 2413321***



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COMPANIES HOUSE**

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**0285  
28/10/03**

# **AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2002**

1 The directors present their report and audited accounts of Automobile Association Insurance Services Holdings Limited (the "Company") for the year ended 31 December 2002.

#### **2 PRINCIPAL ACTIVITY**

The principal activity of the Company is that of a holding Company.

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

The Company did not trade during the year.

#### **4 DIVIDENDS**

The directors do not recommend the payment of a dividend in respect of the year (2001: £nil).

#### **5 DIRECTORS**

The directors of the Company were as follows:

Andrew Briscoe	- appointed 14 March 2002
Douglas Richards	- resigned 14 March 2002
Kerry Richardson	- resigned 14 March 2002
Mark Clare	- resigned 14 March 2002
Nigel Clark	- appointed 14 March 2002
Roger Wood	- appointed 14 March 2002

#### **6 DIRECTORS' INTERESTS**

At no time did any director holding office at 31 December 2002, 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 shares and interests of the ultimate parent Company, Centrica plc, as set out below.

Details of the interests of Roger Wood in the shares and options over shares in the ultimate parent Company Centrica plc, are shown in the Centrica plc Annual Report for 2002.

# **AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)**

### **6 DIRECTORS INTERESTS (continued)**

#### **Beneficial Interests in ordinary shares**

	As at 31 December 2002	As at date of appointment
Andrew Briscoe	8,151	476

The figures above include shares appropriated under the terms of the Centrica profit sharing scheme, and shares held under the Centrica share incentive plan (SIP) (see below).

#### **Executive Share Option Scheme**

	As at 31 December 2002	Exercised during year	Granted during year	As at date of appointment
Andrew Briscoe	142,635	-	74,733	67,902

Options were granted on 2 April 2002 at an option price of 224.8 pence under the terms of the Executive Share Option Scheme (see below).

#### **Long Term Incentive Scheme**

	As at 31 December 2002	Exercised during year	Granted during year	As at date of appointment
Andrew Briscoe	204,619	-	37,366	167,253
Nigel Clark	99,992	-	-	99,992

Total allocations as at 31 December 2002 shown above include both notional allocations of shares that are subject to performance conditions and awards of shares that have reached the conclusion of the performance period but are subject to a two year retention period.

A notional allocation of shares was made under this scheme on 2 April 2002 at a market price at allocation of 227 pence.

Details of the above listed schemes can be found in the 2002 Annual Report for Centrica plc, copies of which can be obtained from the Company Secretary at the address given in note 12 to these accounts.

The middle market price of Centrica plc ordinary share on the last day of trading of 2002 (31 December) was 171 pence. The range during the year was 239 pence (high) and 150 pence (low).

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

**AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)**

**7 DIRECTORS' AND OFFICERS' LIABILITY**

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

**8 AUDITORS**

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 31 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

BY ORDER OF THE BOARD



PHILIP DAVIES  
FOR AND ON BEHALF OF  
CENTRICA SECRETARIES LIMITED  
SECRETARY  
6 OCTOBER 2003

Registered Office:  
Millstream  
Maidenhead Road  
Windsor  
Berkshire SL4 5GD

# **AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES**

### **FOR PREPARING THE 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 INSURANCE SERVICES HOLDINGS LIMITED**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

### **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' responsibilities.

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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other period to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. The other information comprises only the Directors' Report.

### **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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*  
PricewaterhouseCoopers LLP

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS  
6 OCTOBER 2003

**AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2002**

	Notes	2002 £'000	2001 £'000
Amount written off investment	4	<u>(73)</u>	<u>(1,587)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(73)</b>	<b>(1,587)</b>
<b>TAXATION ON LOSS ON ORDINARY ACTIVITIES</b>	3	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(73)</b>	<b>(1,587)</b>
<b>RETAINED (DEFICIT)/PROFIT AT 1 JANUARY</b>		<b>(946)</b>	<b>641</b>
<b>RETAINED DEFICIT AT 31 DECEMBER</b>		<u><b>(1,019)</b></u>	<u><b>(946)</b></u>

The Company did not trade during the year.

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 2002 and 2001, other than the results for the financial years reported above and, therefore, no separate statement of total recognised gains or losses is presented.

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

# AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

## BALANCE SHEET AT 31 DECEMBER 2002

	Notes	2002 £'000	2001 £'000
<b>FIXED ASSETS</b>			
Investments in group undertakings	4	<u>126,181</u>	<u>126,254</u>
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		-	1,796
Debtors	5	<u>796</u>	<u>-</u>
		796	1,796
<b>CREDITORS</b> (amounts falling due within one year)	6	<u>-</u>	<u>(1,000)</u>
<b>NET CURRENT ASSETS</b>		<u>796</u>	<u>796</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>126,977</u>	<u>127,050</u>
<b>NET ASSETS</b>		<u><u>126,977</u></u>	<u><u>127,050</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	21,549	21,549
Share premium account	8	1,447	1,447
Capital reserve	8	105,000	105,000
Profit and loss account		(1,019)	(946)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	9	<u><u>126,977</u></u>	<u><u>127,050</u></u>

The financial statements on pages 6 to 12 were approved by the board of directors on 6 October 2003 and were signed on its behalf by:



ANDREW BRISCOE  
DIRECTOR

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



# **AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS**

### **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.

A summary of accounting policies is set out below.

#### **Basis of accounting**

The Company is exempt from the requirement to prepare consolidated accounts under Section 228 of the Companies Act 1985, as it and its subsidiary undertakings are included by full consolidation in the accounts of its ultimate parent, Centrica plc.

#### **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).

#### **Investments**

Investments are stated at cost, less accumulated provisions for any impairment.

#### **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 that are 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.

# **AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS (continued)**

### **1. ACCOUNTING POLICIES (continued)**

#### **Taxation (continued)**

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.

### **2 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 in respect of their services to those companies.

### **3 TAXATION ON LOSS ON ORDINARY ACTIVITIES**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Total tax on ordinary activities	<u>-</u>	<u>-</u>

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

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Loss on ordinary activities before tax	<u>(73)</u>	<u>(1,587)</u>
Tax on loss on ordinary activities at standard UK Corporation tax rate of 30% (2001: 30%)	(22)	(476)
Effects of expenses not deductible for tax purposes	<u>22</u>	<u>476</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

# **AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS (continued)**

### **4 FIXED ASSET INVESTMENTS**

**£'000**

#### **Shares in group undertakings**

**Cost - at 1 January 2002 and at 31 December 2002**

**127,841**

#### **Provision**

At 1 January 2002

**(1,587)**

Increase in year

**(73)**

**At 31 December 2002**

**(1,660)**

**Net book value**

**Net book value – at 31 December 2002**

**126,181**

**Net book value – at 31 December 2001**

**126,254**

During the year, the Company provided £73,000 against an investment in group undertakings to reflect the reduction in the net asset value of AA Financial Services Limited.

The following companies, incorporated in England, are wholly owned by the Company, except as indicated.

<b>Name</b>	<b>Principal Business Activity</b>
Automobile Association Insurance Services Limited	Insurance intermediary services
Automobile Association Protection and Investment Planning Limited	Independent life broking and financial advisory services
AA Financial Services Limited	Independent life broking and financial advisory services (Company ceased trading on 26 April 2002).
Goldfish Financial Services Limited	Financial services
A.A. Insurance Services Limited *	Dormant

\* This Company is a wholly owned subsidiary of Automobile Association Insurance Services Limited.

All shares held are ordinary £1 shares.

# **AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS (continued)**

### **5 DEBTORS (amounts falling due within one year)**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by group undertakings	<u>796</u>	<u>-</u>

During the year, the Company's bank account at Barclays plc was closed and the balance on the account was transferred to Centrica plc, as an interest free advance, repayable on demand.

### **6 CREDITORS (Amounts falling due within one year)**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	<u>-</u>	<u>1,000</u>

### **7 CALLED UP SHARE CAPITAL**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Ordinary shares of £1 each		
Authorised	<u>30,000</u>	<u>30,000</u>
Issued, called up and fully paid	<u>21,549</u>	<u>21,549</u>

### **8 UNDISTRIBUTABLE RESERVES**

	<b>Share Premium Account £'000</b>	<b>Capital Reserve £'000</b>
<b>At 1 January 2002 and 31 December 2002</b>	<u>1,447</u>	<u>105,000</u>

### **9 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Loss for the financial year	(73)	(1,587)
Shareholders' funds at 1 January	<u>127,050</u>	<u>128,637</u>
<b>Shareholders' funds at 31 December</b>	<u>126,977</u>	<u>127,050</u>

### **10 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 2002, the company's exposure under this guarantee was £nil (2001: £1,796,769).

## **AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **11 RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary, the Company is exempt from the requirement to disclose related party transactions with other group undertakings under Financial Reporting Standard 8 which cancel on consolidation. There are no other related party transactions that require disclosure.

#### **12 ULTIMATE OWNERSHIP**

The Company is a wholly owned subsidiary of Automobile Association Developments Limited.

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.