

AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2011

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AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2011

The Directors present their report and audited financial statements of Automobile Association Insurance Services Holdings Limited ("the Company") for the year ended 31 January 2011

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is that of a holding company. The Company did not trade during the year.

Due to the inactive nature of the Company, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Due to the inactive nature of the Company, the Directors have not identified any specified risks and uncertainties which could impact on the future performance of the business.

DIVIDENDS

The Directors do not recommend the payment of a dividend in respect of the year (2010 £nil).

DIRECTORS

The Directors, who held office during the period, were as follows:

S M Howard
A J P Strong

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the profit or loss of the company for that period.

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

- select suitable accounting policies 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 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.

AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JANUARY 2011

RE-APPOINTMENT OF AUDITORS

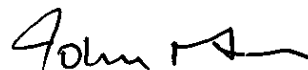
In accordance with section 487(2) of the Companies Act 2006, the auditor Ernst & Young LLP is deemed re-appointed

DISCLOSURE OF INFORMATION TO AUDITORS

Each current Director has made enquiries of their fellow Directors and the Company's auditor and taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Relevant audit information is that information needed by the auditor in connection with preparing its report. So far as each director approving this report is aware, and based on the above steps, there is no relevant audit information of which the auditor is unaware

BY ORDER OF THE BOARD



J DAVIES
COMPANY SECRETARY
23 September 2011

Registered Office
Fanum House
Basing View
Basingstoke
Hampshire
RG21 4EA

Registered number 2413321

AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOMOBILE
ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

We have audited the financial statements of Automobile Association Insurance Services Holdings Limited for the year ended 31 January 2011 which comprise the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 in an auditor's 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 set out on page 1, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 January 2011
- 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

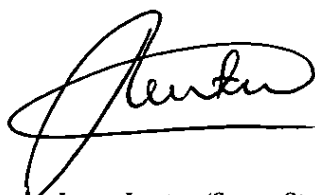
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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



James Lenton (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 September 2011

5 Oct 2011

AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

BALANCE SHEET AT 31 JANUARY 2011

	Notes	2011 £'000	2010 £'000
FIXED ASSETS			
Investments in group undertakings	4	577	577
CURRENT ASSETS			
Debtors	5	131,401	131,401
NET ASSETS		<u>131,978</u>	<u>131,978</u>
CAPITAL AND RESERVES			
Called up share capital	6	21,549	21,549
Share premium account	7	1,447	1,447
Capital reserve	7	105,000	105,000
Profit and loss account	7	3,982	3,982
EQUITY SHAREHOLDER'S FUNDS	8	<u>131,978</u>	<u>131,978</u>

The financial statements on pages 4 to 7 were approved by the board of directors on 23 September 2011 and were signed on its behalf by



A J P STRONG
DIRECTOR

The notes on pages 5 to 7 form part of these financial statements

AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards as defined in the Companies Act 2006 s 464

The financial statements are prepared on a going concern basis. A summary of the accounting policies, which have been applied on a consistent basis with the prior year, is set out below

The Company is exempt from the requirement to prepare consolidated financial statements as it is a wholly owned subsidiary of Acromas Holdings Limited, whose consolidated financial statements are publicly available. These financial statements present information about the entity as an individual undertaking.

The profit and loss account has not been prepared as there have been no transactions in the current or prior financial years.

Cash flow statement

The Directors have taken advantage of the exemption available under FRS 1 (Cash flow statements) of the requirement to prepare a cash flow statement as a consolidated cash flow statement has been presented in the financial statements of the ultimate parent undertaking, Acromas Holdings Limited.

Investments

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

AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 AUDITOR'S REMUNERATION

The audit fee of £4,000 has been borne by another group company (2010 £4,000)

3 DIRECTORS' EMOLUMENTS

S M Howard and A J P Strong are remunerated by Saga Group Limited, a fellow subsidiary of the ultimate parent undertaking, Acromas Holdings Limited. Neither of these Directors received any emoluments during the year in respect of their services as Directors of the Company (2010 £nil) and it would not be practicable to apportion their emoluments between their services as Directors of the Company and their services as Directors of the group companies. The Company has not been recharged any amount for the emoluments of these Directors (2010 £nil).

The Company has no employees (2010 nil)

4 FIXED ASSET INVESTMENTS

Shares in group undertakings	£'000
Cost	
At 31 January 2010 and at 31 January 2011	<u>2,237</u>
Provision	
At 31 January 2010 and at 31 January 2011	<u>(1,660)</u>
Net book value	
At 31 January 2010 and at 31 January 2011	<u>577</u>

The Company owns 100% of the share capital of AA Financial Services Limited, a company incorporated in England and Wales.

5 DEBTORS

	2011	2010
	£'000	£'000
Amounts owed by group undertakings	<u>131,401</u>	<u>131,401</u>

Amounts owed by group undertakings are unsecured, have no repayment terms and bear no interest.

6 CALLED UP SHARE CAPITAL

	2011	2010
	£'000	£'000
Ordinary shares of £1 each		
Allotted, called up and fully paid	<u>21,549</u>	<u>21,549</u>

AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 RESERVES

	Share Premium Account £'000	Capital Reserve £'000	Profit and Loss Account £'000
At 31 January 2010 and at 31 January 2011	<u>1,447</u>	<u>105,000</u>	<u>3,982</u>

8 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2011 £'000	2010 £'000
Opening and closing shareholder's funds	<u>131,978</u>	<u>131,978</u>

9 CROSS COMPANY GUARANTEES

The Company along with certain of its fellow subsidiaries acts as Obligor on bank loans made to Acromas Mid Co Limited. At the balance sheet date, the principal, accrued interest, guarantees and other facilities outstanding on these bank loans was £5,034.7 million (2010 £5,176.9 million).

10 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption within FRS 8 (Related party disclosures) in not disclosing transactions with other entities in the Acromas group of companies. There are no other related party transactions.

11 ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary of Automobile Association Developments Limited, a company registered in England and Wales.

The ultimate parent undertaking, which is also the parent of the smallest and largest group to consolidate these financial statements, is Acromas Holdings Limited whose registered office is at Enbrook Park, Folkestone, Kent, CT20 3SE.

Copies of the financial statements of Acromas Holdings Limited are available from the Company Secretary at this address.

12 ULTIMATE CONTROLLING PARTY

The Directors consider the ultimate controlling party to be funds advised by Charterhouse General Partners, CVC Capital Partners and Permira Advisers acting in concert.