

*AUTOMOBILE ASSOCIATION*  
*INSURANCE SERVICES*  
*HOLDINGS LIMITED*  
*ACCOUNTS - 31 DECEMBER 2000*



*Registered number: 2413321*

# AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

## REPORT OF THE DIRECTORS

### FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present the audited financial statements for the year ended 31 December 2000.

#### PRINCIPAL ACTIVITY

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

#### REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS

The company did not trade during the year.

#### DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year (1999, £nil).

#### DIRECTORS

The directors of the company were as follows:

Mark Clare  
Doug Richards  
Kerry Richardson

#### DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND CONTRACTS

At no time did any director holding office at 31 December 2000 have any interest in the shares of the company, or any other company within the Centrica group, except for interests in and options over the ordinary shares of the ultimate parent company, Centrica plc.

In relation to the interests of the directors at 31 December 2000, details of the interests of Mark Clare are shown in the 2000 Centrica Annual Report and Accounts. Details of Kerry Richardson and Doug Richards were as follows:

#### Beneficial interests:

Number of shares	As at 31 December 2000		As at 31 December 1999	
	Kerry Richardson	Doug Richards	Kerry Richardson	Doug Richards
Ordinary shares	1,530	249	1,530	249
Long term incentive scheme (a)	144,233	138,730	66,293	86,770
Savings related share Option scheme (b)	-	37,176	-	37,176
Employee profit sharing Scheme (c)	230	951	-	721
	<u>145,993</u>	<u>177,106</u>	<u>67,823</u>	<u>124,916</u>

**AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED****REPORT OF THE DIRECTORS****FOR THE YEAR ENDED 31 DECEMBER 2000 - continued****6 DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND CONTRACTS - continued**

- (a) Notional allocations of shares were made on 2 October 2000 under the Centrica long term incentive scheme at a base price of 208.68 pence. Total allocations as at 31 December 2000 shown above are in respect of notional allocations of shares that are subject to performance conditions and for Doug Richards include an award of shares that has reached the conclusion of the performance period but will not be transferred until expiry of the retention period (a further two years).
- (b) Options over shares in Centrica plc granted in April 1997 at 46.4 pence per share under the terms of Centrica's savings related share option scheme.
- (c) Shares appropriated under the terms of the Centrica Profit Sharing Scheme.

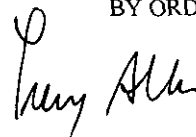
Options granted under the terms of the ultimate parent company's Savings Related Share Option Scheme and allocations made under Long Term Incentive Scheme, details of which are disclosed in the 2000 Annual Report and Accounts of Centrica plc.

The closing price of a Centrica plc ordinary share on the last day of trading in 2000 (29 December) was 259.25 pence. The range during the year ended 31 December 2000 was 262.75 pence (high) and 173.25 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 subsidiary undertakings is a party and in which any director is or was materially interested.

The ultimate parent company has maintained insurance cover for all of the directors and officers against liabilities in relation to the company.

BY ORDER OF THE BOARD

TRACY ALLEN  
SECRETARY6 June 2001

**AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS 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 5 to 10, 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.

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

We have audited the financial statements on pages 5 to 10, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the annual report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 misstatement 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 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

SOUTHAMPTON, 6 July 2001

**AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2000**

	<b>Note</b>	<b>2000 £'000</b>	<b>1999 £'000</b>
Other interest receivable and similar income	2	-	182
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>-</u>	<u>182</u>
<b>RETAINED PROFIT AT 1 JANUARY 2000</b>		<u>641</u>	<u>459</u>
<b>RETAINED PROFIT AT 31 DECEMBER 2000</b>		<u><u>641</u></u>	<u><u>641</u></u>

All items dealt with in arriving at the results for the financial years shown above 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 2000 and 1999, other than the results for the financial years reported above and, therefore, no separate statement of total recognised gains or losses is presented.

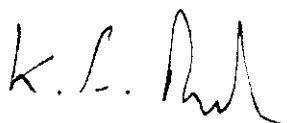
The notes on pages 7 to 10 form part of these financial statements.

## AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED

## BALANCE SHEET – 31 DECEMBER 2000

	Note	2000 £'000	1999 £'000
<b>FIXED ASSETS</b>			
Investments in group undertakings	4	<u>126,841</u>	<u>126,411</u>
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		<u>1,796</u>	<u>2,228</u>
		1,796	2,228
<b>CREDITORS:</b> amounts falling due within one year	5	<u>-</u>	<u>(2)</u>
<b>NET CURRENT ASSETS</b>		<u>1,796</u>	<u>2,226</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		128,637	128,637
<b>NET ASSETS</b>		<u>128,637</u>	<u>128,637</u>
<b>CAPITAL AND RESERVES</b>			
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		<u>641</u>	<u>641</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	8	<u>128,637</u>	<u>128,637</u>

The financial statements on pages 5 to 10 were approved by the Board of directors on 6 June 2001 and were signed on its behalf by:



KERRY RICHARDSON  
DIRECTOR

The notes on pages 7 to 10 form part of these financial statements.

# **AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2000**

### **1 ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

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 subsidiaries' 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 Financial Reporting Standard 1 (Revised).

#### **Investments**

Investments are stated at cost, less accumulated provisions for any impairment. Credit is taken for all interest due but not received before the year end.

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

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Other interest receivable	<u>-</u>	<u>182</u>



# **AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2000 - continued**

### **3 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.

### **4 FIXED ASSET INVESTMENTS**

	<b>£'000</b>
<b>Shares in group undertakings</b>	
Shares at cost as at 1 January 2000	126,411
Additions	<u>430</u>
<b>Shares at cost as at 31 December 2000</b>	<u><u>126,841</u></u>

Investments increased during the year by the purchase, at par, of a further 430,000 ordinary shares of £1 each in the subsidiary AA Financial Services Limited (formerly AA Commercial Insurance 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 (formerly AA Commercial Insurance Services Limited)	Independent life broking and financial advisory services
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 FINANCIAL STATEMENTS - 31 DECEMBER 2000 - continued**

**5 CREDITORS**

**Amounts falling due within one year**

	<b>2000</b>	1999
	<b>£'000</b>	£'000
Amounts owed to group undertakings	-	2
	<u>-</u>	<u>2</u>

**6 CALLED UP SHARE CAPITAL**

	<b>2000</b>	1999
	<b>£'000</b>	£'000
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>

**7 UNDISTRIBUTABLE RESERVES**

	<b>Share premium account £'000</b>	<b>Capital reserve £'000</b>
At 1 January 2000 and 31 December 2000	<u>1,447</u>	<u>105,000</u>

**8 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	<b>2000</b>	1999
	<b>£'000</b>	£'000
Profit for the financial year	-	182
Shareholders' funds at 1 January 2000	<u>128,637</u>	<u>128,455</u>
Shareholders' funds at 31 December 2000	<u>128,637</u>	<u>128,637</u>

**9 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 2000, the company's exposure under this guarantee was £1,796,769 (1999, £137,592,712).

**10 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.

**AUTOMOBILE ASSOCIATION INSURANCE SERVICES HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2000 - continued****11 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 Charter Court, 50 Windsor Road, Slough, Berkshire, SL1 2HA. 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.