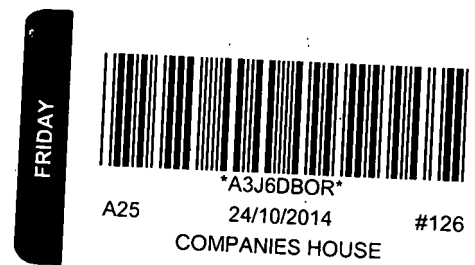


**AA ACQUISITION CO LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2014**



**Registered number: 05018987**

**AA ACQUISITION CO LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2014**

**STRATEGIC REPORT**

The directors present their report and audited financial statements of AA Acquisition Co Limited ("the Company") for the year ended 31 January 2014.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The Company is a wholly owned subsidiary of AA Intermediate Co Limited.

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

As shown in the Company's profit and loss on page 5, the Company's profit on ordinary activities before taxation was £1,227.1m due to dividends received from subsidiary undertakings (2013: loss of £0.4m due to a deferred tax charge).

**DIVIDENDS**

During the year, the Company paid a dividend of £1,227.1m (2013: £nil).

**RISK MANAGEMENT FRAMEWORK**

The business has developed an embedded enterprise risk management process that facilitates the identification, assessment, escalation and mitigation of the Company's risk exposure across every aspect and activity of the business. This framework enables the business to manage risk using predefined assessment criteria to ensure residual risk levels are in line with the Board's agreed risk appetite.

The principal risks have been grouped into the following categories:

*Financial Risk*

The Company is part of the AA PLC group and its financial risks are managed centrally by the Group Treasury team taking into account the Company's position as part of the group with due consideration being given to the impact of transactions with other group entities.

*Brand Risk*

The Company recognises that the AA Brand is a key differentiator and source of competitive advantage, and brand damage from low quality products or services could have an adverse impact on the Company. The Company has in place policies and procedures to protect the brand at all times.

BY ORDER OF THE BOARD



A K BOLAND  
DIRECTOR

18 July 2014

**AA ACQUISITION CO LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2014**

**DIRECTORS' REPORT**

**DIRECTORS**

The directors who held office during the year were as follows:

C T P Jansen	Appointed 6 January 2014
A K Boland	Appointed 1 April 2014
R J Scott	Appointed 6 January 2014
J A Goodsell	Resigned 1 October 2013
S M Howard	Resigned 1 October 2013
A J P Strong	Resigned 6 January 2014

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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.

**GOING CONCERN**

The Company's business activities and its exposure to financial risk are described in the business review on page 1.

The directors believe that the Company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**AA ACQUISITION CO LIMITED**

**FOR THE YEAR ENDED 31 JANUARY 2014**

**DIRECTORS' REPORT (continued)**

**DISCLOSURE OF INFORMATION TO AUDITOR**


Each current director has made enquiries of their fellow director 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.

**POST BALANCE SHEET EVENTS**

On 26 June 2014, AA PLC was admitted to the London Stock Exchange. From this date AA PLC became the ultimate parent undertaking of the Company and the ultimate controlling party.

BY ORDER OF THE BOARD



A K BOLAND  
DIRECTOR

18 July 2014

Registered Office:  
Fanum House  
Basing View  
Basingstoke  
Hampshire  
RG21 4EA

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AA ACQUISITION CO LIMITED**

We have audited the financial statements of AA Acquisition Co Limited for the year ended 31 January 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. 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 to them 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 auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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 Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its profit for the year then ended;
- 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.

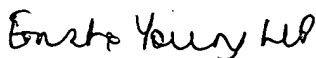
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and 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.



Kevin Senior (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
18 July 2014

# AA ACQUISITION CO LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2014

	Notes	2014 £m	2013 £m
Administrative expenses		-	-
Income receivable from subsidiary undertakings		<u>1,227.1</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,227.1</b>	<b>-</b>
Tax on profit on ordinary activities	4	-	(0.4)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b>10</b>	<b><u>1,227.1</u></b>	<b><u>(0.4)</u></b>

All income and expenditure arises from continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.


The notes on pages 7 to 12 form part of these financial statements.

# AA ACQUISITION CO LIMITED

## BALANCE SHEET AT 31 JANUARY 2014

	Notes	2014 £m	2013 £m
<b>FIXED ASSETS</b>			
Investments in group undertakings	6	320.0	320.0
<b>CURRENT ASSETS</b>			
Debtors	7	790.2	790.2
<b>CURRENT LIABILITIES</b>			
Creditors (amounts falling due within one year)	8	<u>(232.7)</u>	<u>(232.7)</u>
<b>NET CURRENT ASSETS</b>		<u>557.5</u>	<u>557.5</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>877.5</u>	<u>877.5</u>
<b>NET ASSETS</b>		<u>877.5</u>	<u>877.5</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	-	-
Profit and loss account	10	<u>877.5</u>	<u>877.5</u>
<b>SHAREHOLDER'S FUNDS</b>	11	<u>877.5</u>	<u>877.5</u>

Signed for and on behalf of the board by



A K BOLAND  
DIRECTOR

18 July 2014

The notes on pages 7 to 12 form part of these financial statements.

# **AA ACQUISITION CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 ACCOUNTING POLICIES**

#### **a) Basis of accounting**

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 AA PLC, whose consolidated financial statements are publicly available. These financial statements present information about the entity as an individual undertaking.

#### **b) 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 parent undertaking, AA PLC.

#### **c) Investments**

Investments are valued individually at the lower of cost less any provision for impairment or net realisable value. Income from investments is recognised in the profit and loss account when it is receivable.

#### **d) 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 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 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 AUDITOR'S REMUNERATION**

The Company's auditor provided no services to the Company other than the annual audit during either of the periods under review. Audit fees of £10,000 (2013: £14,000) were borne by another group company.



# AA ACQUISITION CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3 DIRECTORS' EMOLUMENTS

	2014 £m	2013 £m
Aggregate remuneration in respect of qualifying services	<u>4.1</u>	<u>2.4</u>
The amounts paid in respect of the highest paid director were as follows:		
Remuneration	<u>2.3</u>	<u>0.6</u>

J A Goodsell and S M Howard are remunerated by a fellow subsidiary undertaking of the previous ultimate parent undertaking, Acromas Holdings Limited, and received total remuneration for the year of £2.4m (2013: £2.4m). Neither of these directors received any emoluments during the year in respect of their services as directors of the Company (2013: £nil). The Company has not been recharged any amount for the emoluments of either of these directors (2013: £nil).

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is made up as follows:

	2014 £m	2013 £m
<b>Deferred tax:</b>		
- Effect of tax rate change on opening balances	0.4	0.3
- Origination and reversal of timing differences	<u>(0.4)</u>	<u>0.1</u>
<b>Total deferred tax charge</b>	<u>-</u>	<u>0.4</u>
<b>Total tax charge on ordinary activities</b>	<u>-</u>	<u>0.4</u>

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

	2014 £m	2013 £m
Profit on ordinary activities before tax	<u>1,227.1</u>	<u>-</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.16% (2013: 24.33%)	284.2	-
Effects of:		
Income not taxable for tax purposes	<u>(284.2)</u>	<u>-</u>
<b>Total current tax</b>	<u>-</u>	<u>-</u>

### 5 DEFERRED TAXATION

	2014 £m	2013 £m
Deferred tax assets comprise:		
Tax losses carried forward	<u>3.2</u>	<u>3.2</u>
		£m
<b>Deferred tax asset as at 1 February 2013 and 31 January 2014</b>		<u>3.2</u>

# AA ACQUISITION CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5 DEFERRED TAXATION (continued)

The Company has recognised a deferred tax asset on the basis of future taxable profits from imputed interest on intercompany balances.

The Company has an unrecognised deferred tax asset of £23,300,000 (2013: £31,032,000) in respect of tax losses carried forward. This asset will become recoverable when suitable profits become available against which the losses can be utilised.

The Finance Act 2013 reduced the main rate of corporation tax from 23% to 21% with effect from 1 April 2014, and further reduced it from 21% to 20% with effect from 1 April 2015. As this reduction was substantively enacted on 2 July 2013, the deferred tax balance at 31 January 2014 has been stated at 20%.

### 6 INVESTMENTS IN GROUP UNDERTAKINGS

£m

At 31 January 2013 and 2014

320.0

The principal undertakings at 31 January 2014, all of which are wholly owned except where stated, were as follows:

Subsidiary undertakings	Country of incorporation or registration	% holding of ordinary shares	Principal activity
AA Senior Co Limited	England	100	Financing company
The Automobile Association Limited	Jersey	100	Roadside services
AA The Driving School Agency Limited	England	100	Franchise operation
Automobile Association Developments Limited	England	100	Roadside services
AA Corporation Limited	England	100	Holding company
Automobile Association Insurance Services Limited	England	100	Roadside and insurance intermediation
Automobile Association Underwriting Services Limited	England	100	Roadside and insurance underwriting
AA Ireland Limited	Ireland	100	Roadside and insurance services
AA Financial Services Limited	England	100	Financial services
AA Media Limited	England	100	Publishing and signage
DriveTech (UK) Limited	England	100	Driver training services
Autowindshields (UK) Limited	England	100	Roadside services
<b>Associates</b>			
ARC Europe SA	Belgium	20	Roadside services
A.C.T.A. Assistance SA	France	22	Roadside services

All principal undertakings are indirectly held by the Company, except for AA Senior Co Limited, which is a direct subsidiary undertaking. The percentage voting rights are equal to the percentage holdings in ordinary shares.

Dormant subsidiary undertakings whose results and financial position do not principally affect the Company's financial statements have been omitted.

# AA ACQUISITION CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7 DEBTORS

	2014 £m	2013 £m
<b>Amounts receivable within one year</b>		
Amounts owed by group undertakings	787.0	787.0
<b>Amounts receivable in more than one year</b>		
Deferred tax asset (note 5)	3.2	3.2
	<u>790.2</u>	<u>790.2</u>

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

### 8 CREDITORS (amounts falling due within one year)

	2014 £m	2013 £m
Amounts owed to subsidiary undertakings	117.8	117.8
Amounts owed to parent company	114.9	114.9
	<u>232.7</u>	<u>232.7</u>

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

### 9 CALLED UP SHARE CAPITAL

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 10 PROFIT AND LOSS ACCOUNT

	2014 £m	2013 £m
Opening balance	877.5	877.9
Profit/(loss) for the year	1,227.1	(0.4)
Dividend paid	(1,227.1)	-
<b>Closing balance</b>	<u>877.5</u>	<u>877.5</u>

# AA ACQUISITION CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2014 £m	2013 £m
Opening balance	877.5	877.9
Profit/(loss) for the year	1,227.1	(0.4)
Dividend paid	(1,227.1)	-
<b>Closing balance</b>	<b>877.5</b>	<b>877.5</b>

### 12 GUARANTEES

As a part of the refinancing which took place in the year, the Company along with certain of its fellow subsidiaries across the AA PLC group were released from their obligations on the bank loans made to Acromas Mid Co Limited and became a guarantor to the bank loans and bond debt of the AA PLC group. At 31 January 2014, the principal outstanding on the AA PLC group debt was £3,043.0m.

As at 31 January 2013, the principal, accrued interest, guarantees and other facilities outstanding on the Acromas Mid Co Limited bank loans was £5,132.1m.

Details of the refinancing can be found in the AA PLC financial statements.

### 13 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 Holdings Limited group of companies. There are no other related party transactions.

### 14 ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary of AA Intermediate Co Limited, a company registered in England and Wales.

The parent of the smallest group to consolidate these financial statements is AA Intermediate Co Limited whose registered office is Fanum House, Basing View, Basingstoke, RG21 4EA.

As at 31 January 2014, the ultimate parent undertaking, which was also the parent of the largest group to consolidate these financial statements, was Acromas Holdings Limited whose registered office is at Enbrook Park, Folkestone, Kent, CT20 3SE.

Following the admission of AA PLC to the London Stock Exchange, see Post Balance Sheet Event note, the ultimate parent undertaking, which will also become the parent of the largest group to consolidate these financial statements, is AA PLC whose registered office is at Fanum House, Basing View, Basingstoke, RG21 4EA.

Copies of the consolidated parent financial statements are available from the Company Secretary at the relevant registered office address.

### 15 ULTIMATE CONTROLLING PARTY

As at 31 January 2014, the directors considered the ultimate controlling party to be funds advised by Charterhouse Capital Partners, CVC Capital Partners and Permira Advisers acting in concert.

Following the admission of AA PLC to the London Stock Exchange, see Post Balance Sheet Event note, the ultimate controlling party is AA PLC.

# **AA ACQUISITION CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **16 POST BALANCE SHEET EVENTS**

On 26 June 2014, AA PLC was admitted to the London Stock Exchange. From this date AA PLC became the ultimate parent undertaking of the Company and the ultimate controlling party.