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**RAC COMMERCIAL ASSISTANCE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009**

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RAC Commercial Assistance Limited

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RAC Commercial Assistance Limited

Directors and officer

Directors:

J Deakin
D R Rose
A L Wilford

Officer - Company Secretary:

Aviva Company Secretarial Services Limited

Auditor:

Ernst & Young LLP
Registered Auditor
1 More London Place
London
SE1 2AF

Registered office:

8 Surrey Street
Norwich
NR1 3NG

Company number:

Registered in England and Wales: No. 1341077

Other information:

RAC Commercial Assistance Limited ("the Company") is a member of the Aviva plc group of companies ("the Group").

RAC Commercial Assistance Limited

Directors' report

For the period ended 31 March 2009

The directors present their report and financial statements for the Company for the 15 month period ended 31 March 2009.

The accounting reference date has been changed from 31 December to 31 March.

Directors

The names of the current directors of the Company appear on page 1.

Those in office since 1 January 2008 have been as follows:

J Deakin served as a director throughout the period.

D Todd resigned as a director on 14 July 2008 and A L Wilford was appointed on the same date.

A D Hewitt resigned as a director on 31 December 2008.

D R Rose was appointed as a director on 22 January 2009.

Principal activity

The principal activity of the Company used to be the provision of pay-on-use vehicle recovery service ("the Business"). On 31 March 2009, the Company transferred the whole of the Business, including the trading assets and liabilities of the Business, to R.A.C. Motoring Services. The Company will be rendered dormant in the next 12 months and put into liquidation in due course.

Basis of preparation

This business review is addressed to, and written for, the members of the Company with the aim of providing a fair review of the business development, performance during the financial period and position both at the end of the financial period and at the current time. In providing this review, the aim is to present a view that is both balanced and comprehensive and is consistent with the size and complexity of the business.

Objectives and future developments

High level strategies are determined by Aviva plc and these are shown in its financial statements. The Company ceased to trade as at 31 March 2009.

Financial key performance indicators

The directors consider that the Company's key performance indicators ("KPIs") that communicate the financial performance are as follows:

- increase/(decrease) in revenue
- gross profit margin
- profit margin before tax

RAC Commercial Assistance Limited

Directors' report (continued)

Business review (continued)

Financial key performance indicators (continued)

A summary of the KPIs is set out below:

Measure	15 months to 31 March 2009	Year ended 31 December 2007
Increase/(decrease) in revenue	30%	(3%)
Gross profit margin	26%	27%
Profit margin before tax	17%	23%

Financial position and performance

The financial position of the Company at 31 March 2009 is shown in the balance sheet on page 12, with the trading results for the period shown in the income statement on page 11 and the cash flow statement on page 14.

Profit before tax has reduced from £1,780 thousand in 2007 to £1,672 thousand in the period to 31 March 2009. The decrease is mainly due to an increase in administration expenses from £255 thousand to £901 thousand principally because of an increase in bad debts written off in the period of £548 thousand. Gross profit has increased by £538 thousand mainly as a result of the extended accounting period.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Company and the Company's risk management policies are set out in note 14 to the financial statements.

Risk factors beyond the Company's control that could cause actual results to differ materially from those estimated include, but are not limited to:

- UK domestic economic business conditions; and
- the impact of competition, inflation and deflation.

Major events

On 23 December 2008, the Company assigned £5,685 thousand of intercompany receivables from Group companies to RAC plc.

On 23 December 2008, RAC Investments Limited assigned £3,453 thousand of an intercompany receivable with the Company to R.A.C. Motoring Services and then to RAC plc.

On 31 March 2009, the Company transferred the whole of the Business, including the trading assets and liabilities of the Business, to R.A.C. Motoring Services.

RAC Commercial Assistance Limited

Directors' report (continued)

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Financial instruments

The business of the Company includes use of financial instruments. Details of the Company's risk management objectives and policies and exposures to risk relating to financial instruments are set out in note 14 to the financial statements.

Dividends

No interim dividend for the period was paid (2007: £3,260 thousand). The directors do not recommend the payment of a final dividend (2007: £ nil).

Employees

Employees are employed by fellow Group companies.

Auditor

It is the intention of the directors to reappoint the auditor under the deemed appointment rules of section 487 of the Companies Act 2006.

Directors' liabilities

Aviva plc, the Company's ultimate parent company, has granted an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. This indemnity was granted in 2004 and the provisions in the Company's Articles of Association constitute "qualifying third party indemnities" for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

Disclosure of information to the auditor

Each person who was a director of the Company on the date that this report was approved confirms that, so far as the director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing his report, of which the auditor is unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

RAC Commercial Assistance Limited

Directors' report (continued)

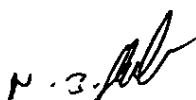
Statement of directors' responsibilities

The directors are required to prepare financial statements for each accounting period that comply with the relevant provisions of the Companies Act 1985 and of International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), and which present fairly the financial position, financial performance and cash flows of the Company at the end of the accounting period. A fair presentation of the financial statements in accordance with IFRS requires the directors to:

- select suitable accounting policies and verify they are applied consistently in preparing the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- state that the Company has complied with applicable IFRS, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which are intended to disclose with reasonable accuracy, at any time, the financial position of the Company. They are also ultimately responsible for the systems of internal control maintained by the Company for safeguarding the assets of the Company and for the prevention and detection of fraud and other irregularities.

By order of the Board



Authorised signatory
For and on behalf of Aviva Company Secretarial Services Limited
Company Secretary

7 OCTOBER 2009

RAC Commercial Assistance Limited

Independent auditor's report

To the members of RAC Commercial Assistance Limited

We have audited the Company's financial statements for the period ended 31 March 2009, which comprise the Accounting Policies, the Income Statement, the Balance Sheet, the Statement of Changes in Shareholder's Equity, the Cash Flow Statement and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with the applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Standards on Auditing (UK and Ireland).

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 whether the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

RAC Commercial Assistance Limited

Independent auditor's report (continued)

To the members of RAC Commercial Assistance Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 March 2009 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

9 October 2009

RAC Commercial Assistance Limited

Accounting policies

The Company is a limited liability company incorporated and domiciled in Great Britain. The principal activity used to be the provision of pay-on-use vehicle recovery service until this ceased with effect from 31 March 2009. The Company will be rendered dormant in the next 12 months and put into liquidation in due course.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(A) Basis of presentation

The financial statements have been prepared in accordance with IFRS and International Accounting Standards ("IAS") as endorsed by the European Union, applicable at 31 March 2009.

During 2007 and 2008, the IASB issued IFRIC interpretation 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* and made amendments to IFRS 7, *Financial instruments: Disclosures*, and IAS 39, *Financial instruments: Recognition and measurement* in respect of reclassification of financial instruments. These are all applicable at 31 March 2009. Where relevant the accounting policies have been updated for each of the changes although none has had any material impact on the Company's financial reporting.

During 2007, 2008 and 2009, the IASB has also issued IAS 1, *Presentation of Financial Statements: A Revised Presentation*, a revised version of IFRS 3, *Business Combinations*, and amendments to IFRS 1, *First Time Adoption of IFRS*, IFRS 2, *Share-based Payment*, IAS 1, IAS 23, *Borrowing Costs*, IAS 27, *Consolidated and Separate Financial Statements*, IAS 32, *Financial Instruments: Presentation*, and the results of its annual improvements project. It also issued a revised version of IFRS 1, as well as further amendments to IFRS 7 and IAS 39, none of which has yet been endorsed by the EU. These are not applicable for the current accounting period and, on adoption, they are not expected to have any material impact on the Company's financial reporting.

IFRIC interpretation 13, *Customer Loyalty Programmes*, interpretation 15, *Agreements for the Construction of Real Estate*, and interpretation 16, *Hedges of a Net Investment in a Foreign Operation* were issued during 2007 and 2008 but are not applicable for the current accounting period. In addition, IFRIC interpretation 17, *Distributions of Non-cash Assets to Owners*, and interpretation 18, *Transfers of Assets from Customers*, as well as an amendment to interpretation 9, *Reassessment of Embedded Derivatives*, were issued during 2008 and 2009. They have not yet been endorsed by the EU but none of them is applicable for the current accounting period. On adoption, none of these interpretations is expected to have any material impact on the Company's financial reporting.

The financial statements are stated in pounds sterling, which is the Company's functional and presentation currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling ("£000").

(B) Use of estimates

The preparation of financial statements requires the Company to make estimates and assumptions that affect items reported in the balance sheet and income statement and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, actual results ultimately may differ from those estimates, possibly significantly.

(C) Revenue recognition

Revenue comprises the fair value derived from the sale of services to customers during the period, net of value added tax, rebates and discounts.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

RAC Commercial Assistance Limited

Accounting policies (continued)

(D) Equipment

Depreciation is calculated on the straight-line method to write down the cost of equipment to its residual value over its estimated useful life as follows:

Computer equipment	4 years
Fixtures and fittings	10 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of equipment are determined by reference to their carrying amount and are taken into account in determining profit before tax.

(E) Impairment of non-financial assets

Non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(F) Derecognition and offset of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- (i) the rights to receive cash flows from the asset have expired;
- (ii) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- (iii) the Company has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset; or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

RAC Commercial Assistance Limited

Accounting policies (continued)

(G) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(H) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and in hand, deposits held at call with banks, treasury bills and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include certificates of deposit.

(I) Income taxes

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits before taxation and amounts charged or credited to reserves as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(J) Share capital and dividends

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Accordingly, a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument will not be settled by delivery of a variable number of shares or is a derivative that can be settled other than for a fixed amount of cash, shares or other financial assets.

Dividends

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends on these shares are recognised when they have been approved by shareholders.

RAC Commercial Assistance Limited

Income statement

For the period ended 31 March 2009

		15 months to 31 March 2009 £000	Year ended 31 December 2007 £000
	Note		
Revenue		9,905	7,598
Cost of sales		(7,332)	(5,563)
Gross profit		2,573	2,035
Administrative expenses		(901)	(255)
Profit before tax	1	1,672	1,780
Tax charge	5	(462)	(516)
Profit for the period		1,210	1,264

The Company has no recognised income and expenses other than those included in the results above and therefore a statement of recognised income and expense has not been presented.

The accounting policies on pages 8 to 10 and notes on pages 15 to 24 are an integral part of these financial statements.

RAC Commercial Assistance Limited

Balance sheet

As at 31 March 2009

	Note	31 March 2009 £000	31 December 2007 £000
ASSETS			
Non-current assets			
Equipment	7	-	13
Current assets			
Trade and other receivables	8	2,974	5,455
Cash and cash equivalents	13(b)	-	535
		<u>2,974</u>	<u>5,990</u>
LIABILITIES			
Current liabilities			
Trade and other payables	10	(538)	(4,723)
Net current assets		<u>2,436</u>	<u>1,267</u>
Non-current liabilities			
Liability for current tax	9	(462)	(516)
Net assets		<u>1,974</u>	<u>764</u>
EQUITY			
Ordinary share capital	12	-	-
Retained earnings		<u>1,974</u>	<u>764</u>
Total equity		<u>1,974</u>	<u>764</u>

The accounting policies on pages 8 to 10 and notes on pages 15 to 24 are an integral part of these financial statements.

Approved by the Board on

7 OCTOBER 2009



Director

RAC Commercial Assistance Limited

Statement of changes in shareholder's equity

For the period ended 31 March 2009

	Note	Ordinary share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2007		-	2,760	2,760
Total recognised income and expense for the year		-	1,264	1,264
Dividend paid	6	-	(3,260)	(3,260)
Total movements in the year		-	(1,996)	(1,996)
Balance at 31 December 2007		-	764	764
Total recognised income and expense for the period		-	1,210	1,210
Total movements in the period		-	1,210	1,210
Balance at 31 March 2009		-	1,974	1,974

The accounting policies on pages 8 to 10 and notes on pages 15 to 24 are an integral part of these financial statements.

RAC Commercial Assistance Limited

Cash flow statement

For the period ended 31 March 2009

		15 months to 31 March 2009 £000	Year ended 31 December 2007 £000
	Note		
Cash flows from operating activities			
Net cash inflow from/(outflow to) operating activities	13(a)	1,275	(34)
<i>Net cash from/(used in) operating activities</i>		<u>1,275</u>	<u>(34)</u>
Cash flows from investing activities			
Purchases of equipment		-	(25)
Transfer of business	11	(1,810)	-
<i>Net cash used in investing activities</i>		<u>(1,810)</u>	<u>(25)</u>
Net decrease in cash and cash equivalents		(535)	(59)
Cash and cash equivalents at start of period		535	594
Cash and cash equivalents at end of period	13(b)	<u>-</u>	<u>535</u>

The accounting policies on pages 8 to 10 and notes on pages 15 to 24 are an integral part of these financial statements.

RAC Commercial Assistance Limited

Notes to the financial statements

1 Profit before tax

The following items have been included in arriving at profit before tax:

	15 months to 31 March 2009 £000	Year ended 31 December 2007 £000
Depreciation of equipment		
- Owned assets	-	15

2 Employee information

Employees are employed by fellow Group companies.

3 Directors

All directors of the Company are remunerated as employees by Aviva Employment Services Limited, a fellow Group company. This remuneration is recharged to all operating divisions of the Aviva Group under management service agreements. However, no costs are borne by the Company for the services of the directors in their capacity as directors.

4 Auditor's remuneration

The total remuneration payable by the Company, excluding VAT, to its auditor, Ernst & Young LLP, in respect of the audit of these financial statements is shown below. The Company is exempt from disclosing other fees payable to its auditor in respect of other work, by virtue of regulation 4(1)(b) of The Companies (Disclosure of Auditor Remuneration) Regulations 2005, as it is disclosed within the Annual Report and Accounts of Aviva plc, the Company's ultimate controlling entity (see note 16(c)).

	15 months to 31 March 2009 £000	Year ended 31 December 2007 £000
Audit services:		
Statutory audit of the Company's financial statements	2	3

RAC Commercial Assistance Limited

Notes to the financial statements (continued)

5 Tax

(a) Tax charged to the income statement

	15 months to 31 March	Year ended 31 December
	2009	2007
	£000	£000
(i) The total tax charged comprises:		
Current tax:		
For the period	462	516
Total current tax charged to income statement	462	516

(ii) Unrecognised temporary differences of previous years were used to reduce current tax expense by £17 thousand (2007: £22 thousand).

(b) Tax reconciliation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate in the United Kingdom as follows:

	15 months to 31 March	Year ended 31 December
	2009	2007
	£000	£000
Profit before tax	1,672	1,780
Tax calculated at standard UK corporation tax rate of 28.4% (2007: 30%)	475	534
Deferred tax assets not recognised	(17)	(22)
Disallowable expenses	3	-
Impact of change in rate of tax	1	4
Tax charged for the period (note 5(a)(i))	462	516

6 Dividends

	15 months to 31 March	Year ended 31 December
	2009	2007
	£000	£000
Ordinary dividends declared and charged to equity in the period		
Interim 2007 - 13,038.58p per share, paid in December 2007	-	3,260
	-	3,260

RAC Commercial Assistance Limited

Notes to the financial statements (continued)

7 Equipment

	<u>Equipment</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>
Period to 31 March 2009		
Cost		
At 1 January 2008	184	184
Transfer to R.A.C. Motoring Services	(184)	(184)
At 31 March 2009	-	-
Depreciation		
At 1 January 2008	171	171
Transfer to R.A.C. Motoring Services	(171)	(171)
At 31 March 2009	-	-
Carrying amount at 31 March 2009	-	-
Year to 31 December 2007		
Cost		
At 1 January 2007	159	159
Additions	25	25
At 31 December 2007	184	184
Depreciation		
At 1 January 2007	156	156
Charge for the year	15	15
At 31 December 2007	171	171
Carrying amount at 31 December 2007	13	13

8 Trade and other receivables

	<u>31 March</u>	<u>31 December</u>
	<u>2009</u>	<u>2007</u>
	<u>£000</u>	<u>£000</u>
Trade receivables	-	676
Prepayments	-	377
Receivables from related parties (note 16(a)(v))	2,974	4,402
	2,974	5,455
Expected to be recovered within one year	2,974	5,455

RAC Commercial Assistance Limited

Notes to the financial statements (continued)

9 Tax assets and liabilities

(a) General

Liabilities for current year tax of £462 thousand (2007: £516 thousand) are payable in more than one year.

Liabilities for prior years' tax settled by Group relief of £516 thousand (2007: £358 thousand) are included within amounts due to related parties (note 10) and within the related party transactions (note 16) and are payable in less than a year.

(b) Deferred taxes

The Company has unrecognised temporary differences of £nil (2007: £216 thousand) to carry forward indefinitely against future taxable income.

10 Trade and other payables

	31 March 2009 £000	31 December 2007 £000
Trade payables	-	143
Social security and other taxes	-	48
Amounts due to related parties (note 16(a)(vi))	538	4,035
Other liabilities	-	497
	<u>538</u>	<u>4,723</u>
Expected to be settled within one year	<u>538</u>	<u>4,723</u>

11 Transfer of business

The Company was engaged in the operation of a vehicle recovery service. Following a strategic review, it was decided to transfer the Company's business, with effect from 31 March 2009, to R.A.C. Motoring Services, its parent company. It is the directors' intention to render the Company dormant in the next 12 months and put it into liquidation in due course.

The balance sheet at 31 March 2009 includes the impact of transferring the Company's trade to R.A.C. Motoring Services, which took place at the end of the financial period. The following assets and liabilities were transferred and replaced by an amount due from R.A.C. Motoring Services:

	31 March 2009 £000
Assets and liabilities transferred:	
Cash and cash equivalents	1,810
Equipment at net book value	13
Trade and other receivables	428
Trade and other payables	(899)
	<u>1,352</u>
Replaced by:	
Amount due from R.A.C. Motoring Services	<u>1,352</u>

RAC Commercial Assistance Limited

Notes to the financial statements (continued)

12 Ordinary share capital

Details of the Company's ordinary share capital are as follows:

	31 March 2009 £000	31 December 2007 £000
Authorised		
20,000 (2007: 20,000) ordinary shares of £1 each.	20	20
Allotted, called up and fully paid		
250 (2007: 250) ordinary shares of £1 each.	-	-

13 Cash flow statement

	15 months to 31 March 2009 £000	Year ended 31 December 2007 £000
(a) The reconciliation of profit before tax to the net cash inflow from/(outflow to) operating activities is:		
Profit before tax	1,672	1,780
Adjustments for:		
Depreciation of equipment	-	15
Changes in working capital:		
(Increase)/ decrease in trade and other receivables	2,053	(1,766)
Increase/ (decrease) in trade and other payables	(2,450)	(63)
Net cash inflow from/(outflow to) operating activities	1,275	(34)

Changes in working capital in 2009 have been adjusted to take into account the transfer of business as set out in note 11.

"Increase/(decrease) in trade and other payables" is stated after eliminating £516 thousand of corporation tax liability settled or to be settled by group relief.

(b) Cash and cash equivalents in the cash flow statement comprised	31 March 2009 £000	31 December 2007 £000
Cash at bank and in hand	-	535

RAC Commercial Assistance Limited

Notes to the financial statements (continued)

14 Risk management policies

The Company has established a risk management framework to protect the Company from events that hinder the sustainable achievement of the Company's performance objectives, including failing to exploit opportunities. This framework is operated by a group of companies, "UKGI" (including the UK general insurance business carried out within Aviva Insurance Limited and Aviva International Insurance Limited), within the Aviva plc group ("the Group"), that are engaged in writing general insurance business and in various non-insurance activities in the UK. The risks faced by the Company can be categorised as follows:

- financial risks, which cover credit and liquidity risks;
- operational risks, which arise from inadequately controlled internal processes or systems, human error or non-compliance as well as from external events. Operational risks include taxation, reputation and regulatory risks, such as compliance.

The risk management framework provides the means to identify, assess, measure, manage and monitor all of the different types of risk faced by UKGI to provide a single picture of the threats and uncertainties faced and opportunities that exist.

UKGI sets limits to manage material risks to ensure the risks stay within risk appetite (the amount of risk UKGI is willing to accept). UKGI assesses the size and scale of a risk by considering how likely it is that the risk will materialise and the potential impact the risk could have on its business and its stakeholders. Where risks are outside of appetite, actions are agreed to mitigate the exposure.

The UKGI's risk management framework is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable assurance against material financial misstatement or loss. New risks, which have not been identified as emerging risks, or risks currently considered immaterial may also impair the future achievement of business objectives.

UKGI recognises the critical importance of maintaining an efficient and effective risk management framework. To this end, UKGI has an established governance framework, which has the following key elements:

- defined terms of reference for the legal entity Boards and the associated executive management and other committees within UKGI;
- a clear organisational structure with documented delegated authorities and responsibilities from the legal entity Boards to executive management committees and senior management; and
- adoption of the Group policy framework that defines risk appetite measures and sets out risk management and control standards for the Group's worldwide operations. The policies also set out the roles and responsibilities of businesses, regions, policy owners, and the risk oversight committees.

UKGI has developed economic capital models that support the measurement, comparison and further understanding of its risks. The results of the modelling are incorporated into key strategic planning and decision-making processes. These models show the relative impact to economic capital from the risks faced. In turn this supports the assessment of appropriate and effective mitigating strategies where risks are outside of appetite.

RAC Commercial Assistance Limited

Notes to the financial statements (continued)

14 Risk management policies (continued)

(a) Financial risk management

(i) Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

At 31 March 2009, trade and other receivables of £2,974 thousand (2007: £5,455 thousand) included £2,974 thousand (2007: £4,402 thousand) due from related parties, details of which are set out in note 16.

At 31 March 2009 and 31 December 2007, no financial assets were impaired or overdue.

The Company's cash and cash equivalents of £nil (2007: £535 thousand) were placed with one AA rated counterparty.

(ii) Liquidity risk

The Company's liquidity position is supported through its participation in UKGI.

(b) Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks include taxation, reputation and regulatory risks, such as compliance. Only financial instrument risk requires quantification under IFRS and consequently no quantification of this risk is provided.

UKGI is responsible for identifying and managing operational risks in line with minimum standards of control set out in Group policies. Each operational risk is assessed by considering the potential impact and the probability of the event occurring. Impact assessments are considered against financial, operational and reputational criteria.

Business management teams must be satisfied that all material risks falling outside the Group's risk appetite are being mitigated, monitored and reported to an appropriate level. Any risks with a high potential impact level are monitored locally.

UKGI risk management and governance function is responsible for implementing the Group risk management methodologies and frameworks to assist line management in this work. It also provides support and independent challenge on the completeness, accuracy and consistency of risk assessments, and the adequacy of mitigating action plans. As a result, the business unit executive management team satisfies itself that material risks are being mitigated and reported to an acceptable level.

RAC Commercial Assistance Limited

Notes to the financial statements (continued)

15 Capital structure

The Company maintains an efficient capital structure from equity shareholder's funds, consistent with the Company's overall risk profile and market requirements of the business. This note describes the way the Company manages capital and shows where this is employed.

(a) General

IFRS underpins the Company's capital structure and, accordingly, the capital structure is analysed on this basis.

(b) Capital management

In managing its capital, the Company seeks to:

- (i) maintain financial strength;
- (ii) retain financial flexibility; and
- (iii) allocate capital efficiently and repatriate excess capital where appropriate.

The Company considers not only the traditional sources of capital funding, but alternative sources when assessing its deployment and usage of capital.

(c) Measure of capital

The Company is required to report its results on an IFRS basis.

(d) Capital structure

	IFRS net assets 31 March 2009 £000	IFRS net assets 31 December 2007 £000
Vehicle recovery service	1,974	764
Total capital employed	1,974	764
Financed by		
Equity shareholder's funds	1,974	764

RAC Commercial Assistance Limited

Notes to the financial statements (continued)

16 Related party transactions

(a) The Company had the following transactions with related parties in the period to 31 March 2009, and the year to 31 December 2007.

(i) During 2008, intercompany balances were assigned between Group companies. The impact of the assignments on the Company was to reduce the payable and receivable current account balances by £5,685 thousand.

(ii) On 26 March 2009, a resolution was signed by the Company to transfer the whole of its business, including the trading assets and liabilities of its business, to R.A.C. Motoring Services ("RACMS") with effect from 31 March 2009. This is replaced by an amount due from RACMS of £1,352 thousand (see note 11).

(iii) Transactions with Group companies for settlement of corporation tax liabilities by group relief are described in note 9.

(iv) In addition to the above the Company received funding from fellow Group companies in the course of its business. The net amount in the period to 31 March 2009 was £1,233 thousand net inflow (2007: £1,051 thousand net outflow).

(v) The Company had the following amounts due from related parties

	<u>31 March 2009</u> £000	<u>31 December 2007</u> £000
Parent - current account	2,574	3,993
Other Group companies - current accounts	400	409
	<u>2,974</u>	<u>4,402</u>

(vi) The Company had the following amounts due to related parties

	<u>31 March 2009</u> £000	<u>31 December 2007</u> £000
Parent - current account	538	582
Other Group companies - current accounts	-	3,453
	<u>538</u>	<u>4,035</u>

RAC Commercial Assistance Limited

Notes to the financial statements (continued)

16 Related party transactions (continued)

(a)(vii) Key management compensation

The directors and key management of the Company are considered to be the same as for RAC plc. Information on key management compensation may be found in the Related Party Transactions note 24 of the RAC plc financial statements.

(b) Immediate parent company

The Company's immediate parent company is R.A.C. Motoring Services, registered in England and Wales.

(c) Ultimate controlling entity

The ultimate controlling entity is Aviva plc. Its Annual Report and Accounts are available on application to the Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London EC3P 3DQ.