

AUTOMOBILE ASSOCIATION
UNDERWRITING SERVICES LIMITED
ACCOUNTS - 31 DECEMBER 1999



A12 *AKL57UH2* 0607
COMPANIES HOUSE 05/10/00

Registered number: 1674675

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1999

- 1 The directors present the audited financial statements for the year ended 31 December 1999.

2 **REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS**

The company's profit and loss account for the year is set out on pages 6 and 7.

The principal activity of the company is to transact classes 16 to 18 of 'General Insurance' as defined by Section 1 of the Insurance Companies Act 1982. An analysis of the results of company's classes of business is shown in Note 2 to the accounts.

Both the level of business and year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

On 23 September 1999, the AA Group, of which the company was a member, was acquired by Centrica plc.

3 **DIVIDENDS**

The directors do not recommend the payment of a dividend in respect of the year, (1998 £3,500,000).

4 **DIRECTORS**

The directors of the company were as follows:

Mark Clare	- appointed 23 September 1999
Doug Richards	- appointed 23 September 1999
Kerry Richardson	- resigned 23 September 1999, re-appointed 15 May 2000
Colin Skeen	- resigned 23 September 1999, re-appointed 15 May 2000
John H Maxwell	- Chairman, resigned 23 September 1999
John Dawson	- resigned 23 September 1999
Pete Johnson	- resigned 17 February 1999
Mark Tanzer	- appointed 7 April 1999, resigned 23 September 1999
Frank Thackwray	- resigned 23 September 1999
Stephen Young	- resigned 23 September 1999

5 **DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND CONTRACTS**

At no time did any director holding office at 31 December 1999 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.

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1999 - continued

5 DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND CONTRACTS - continued

In relation to the interests of the directors at 31 December 1999, details of the interests of Mark Clare are shown in the 1999 Centrica Annual Report and Accounts. Details of Doug Richards were as follows:

Beneficial interests:	As at 31 December 1999	As at 23 September 1999
Number of shares		
Ordinary shares (a)	249	249
Long term incentive scheme (b)	86,770	64,015
Savings related share option scheme (c)	37,176	37,176
Employee profit share scheme	721	721
	<u>124,916</u>	<u>102,161</u>

- (a) Interests in the ordinary shares of Centrica plc include shares acquired under the British Gas plc profit sharing scheme. Shares were acquired at demerger on the basis of one Centrica plc share for each British Gas plc share.
- (b) Notional allocations of shares were made on 1 October 1999 under the Centrica long term incentive scheme at a price of 128.86 pence. Figures given represent the maximum award possible if all performance criteria are met at the end of the performance period (three or four years) and would not be made until the expiry of the retention period (a further two years). Awards held at the date of demerger were replaced with Centrica plc shares at a base price of 81.7 pence.
- (c) 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.

The closing price of a Centrica plc ordinary share on the last day of trading in 1999 (30 December) was 175.5 pence. The range during the year ended 31 December 1999 was 191.0 pence (high) and 108.0 pence (low).

There were no contracts of significance subsisting during or at the end of the financial period to which the company 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.

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1999 - continued

6 EMPLOYMENT POLICIES

The Centrica Group is committed to pursuing an active Equal Opportunities Policy covering recruitment and selection, training and development, appraisal and promotion. The Group recognises the diversity of its employees, its customers and the community at large and seeks to use employees' talents and abilities to the full. This approach extends to the fair treatment of people with disabilities, in relation to their recruitment, training and development. Full consideration is given to the retention of staff who become disabled during employment.

The Group supports Investors in People and a number of operating units achieved accreditation during the year.

The Group is committed to effective communications, which it maintains through formal and informal briefings, company magazines, videos, audio tape and electronic media. Formal communications with trades unions take place through regular meetings between representatives from the Company and trades unions. The Group has procedures for the timely and accurate communication of financial results and other significant business issues to its employees.


All employees participate in a performance-related bonus or an incentive scheme, and in addition, there is a long-term remuneration scheme for senior management.

7 CREDITOR PAYMENT POLICY

The Centrica Group aims to pay all of its creditors promptly. The company complies with the Centrica Group policy, which is to agree the terms of payment at the commencement of business with that supplier; ensure that suppliers are aware of the terms of the payment; and pay in accordance with contractual and other legal obligations.

8 YEAR 2000

The total estimated cost for the Year 2000 programme has been quantified at a Centrica Group level and is disclosed in the Centrica plc Group financial statements. As a result of the programme, there was no disruption to operations or customer service over the millennium.


BY ORDER OF THE BOARDMAXINE HARRISON
SECRETARY

23 JUNE 2000

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES 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 6 to 17, 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 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 UNDERWRITING SERVICES LIMITED

We have audited the financial statements on pages 6 to 17, which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the annual report. As described on page 4, 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.

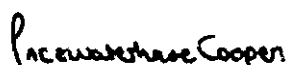
BASIS OF AUDIT OPINION

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 as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

SOUTHAMPTON, 23 JUNE 2000

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

TECHNICAL ACCOUNT - GENERAL BUSINESS

FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999 £'000	1998 £'000
EARNED PREMIUMS, NET OF REINSURANCE			
Gross premiums written	2	40,359	40,738
Outward reinsurance premiums		<u>(6,296)</u>	<u>(6,616)</u>
Net premiums written		34,063	34,122
Change in the gross provision for unearned premiums		(1,400)	(170)
Change in the provision for unearned premiums, reinsurer's share		<u>(196)</u>	<u>(146)</u>
Change in the net provision for unearned premiums		<u>(1,596)</u>	<u>(316)</u>
TOTAL TECHNICAL INCOME		<u>32,467</u>	<u>33,806</u>
CLAIMS INCURRED, NET OF REINSURANCE			
Gross claims paid		14,512	14,511
Reinsurer's share		<u>(698)</u>	<u>(430)</u>
Net claims paid		13,814	14,081
Change in the gross provision for claims	3	33	(176)
Change in the provision for claims, reinsurer's share		<u>(151)</u>	<u>(256)</u>
Change in the net provision for claims		<u>(118)</u>	<u>(432)</u>
CLAIMS INCURRED, NET OF REINSURANCE		13,696	13,649
Net operating expenses	4	14,084	14,345
TOTAL TECHNICAL CHARGES		<u>27,780</u>	<u>27,994</u>
BALANCE ON THE TECHNICAL ACCOUNT - GENERAL BUSINESS		<u>4,687</u>	<u>5,812</u>

The notes on pages 10 to 17 form part of these financial statements.

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT - continued

NON-TECHNICAL ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999 £'000	1998 £'000
Balance on the technical account - general business		4,687	5,812
Investment income	5	<u>2,686</u>	<u>3,110</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,373	8,922
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	9	<u>(257)</u>	<u>(2,726)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAX		7,116	6,196
Dividends	10	<u>-</u>	<u>(3,500)</u>
Retained profit for the financial year		7,116	2,696
RETAINED PROFIT AT 1 JANUARY 1999		20,715	18,019
RETAINED PROFIT AT 31 DECEMBER 1999		<u>27,831</u>	<u>20,715</u>

All items dealt with in arriving at the profit before taxation for both 1999 and 1998 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 on pages 6 and 7 and its historical cost equivalent.

The company has no recognised gains or losses in 1999 and 1998, other than the profit for the financial year, reported on pages 6 and 7, and, therefore, no separate statement of total recognised gains or losses is presented.

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

BALANCE SHEET - 31 DECEMBER 1999

	Note	1999 £'000	1998 £'000
ASSETS			
INVESTMENTS			
Other financial investments - deposits with credit institutions		31,000	44,000
REINSURER'S SHARE OF TECHNICAL PROVISIONS			
Provision for unearned premiums		3,041	3,237
Claims outstanding		<u>544</u>	<u>393</u>
		<u>3,585</u>	<u>3,630</u>
DEBTORS			
Debtors arising out of direct insurance operations	11	641	992
Debtors arising out of reinsurance operations - group undertakings		-	27
Other debtors	12	<u>20,075</u>	<u>2,984</u>
		<u>20,716</u>	<u>4,003</u>
OTHER ASSETS			
Tangible assets	13	106	121
Cash at bank and in hand		-	893
		<u>106</u>	<u>1,014</u>
PREPAYMENTS AND ACCRUED INCOME			
Accrued interest and rent		154	1,524
Deferred acquisition costs		<u>2,960</u>	<u>3,062</u>
		<u>3,114</u>	<u>4,586</u>
TOTAL ASSETS		<u><u>58,521</u></u>	<u><u>57,233</u></u>

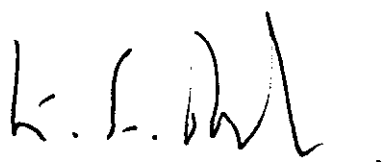
The notes on pages 10 to 17 form part of these financial statements.

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

BALANCE SHEET - 31 DECEMBER 1999 - continued

	Note	1999 £'000	1998 £'000
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	14	2,500	2,500
Profit and loss account		<u>27,831</u>	<u>20,715</u>
EQUITY SHAREHOLDERS' FUNDS	15	<u>30,331</u>	<u>23,215</u>
TECHNICAL PROVISIONS			
Provision for unearned premiums		19,224	17,824
Claims outstanding		<u>3,356</u>	<u>3,323</u>
		<u>22,580</u>	<u>21,147</u>
CREDITORS			
Creditors arising out of direct insurance operations		453	200
Creditors arising out of reinsurance operations - group undertakings		-	27
Other creditors including taxation and social security	16	<u>4,711</u>	<u>11,860</u>
		<u>5,164</u>	<u>12,087</u>
ACCRUALS AND DEFERRED INCOME			
		446	784
TOTAL LIABILITIES		<u>58,521</u>	<u>57,233</u>

The financial statements on pages 6 to 17 were approved by the Board of directors on 23 June 2000 and were signed on its behalf by:



KERRY RICHARDSON
DIRECTOR

The notes on pages 10 to 17 form part of these financial statements.

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the provisions of Section 255A of, and Schedule 9A to, the Companies Act 1985, and with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") dated December 1998.

A summary of the accounting policies is set out below.

Premiums

All premiums written relate to business inception in the year and are shown gross of any commission due to intermediaries and exclusive of insurance premium tax. The amount includes an estimate of premiums due but not yet received.

Unearned premiums

The provision for unearned premiums represents that proportion of the premiums written in the year relating to the period of the policy that has not expired at the balance sheet date.

Claims

Provision is made for the estimated cost of claims notified but not settled by the balance sheet date and of claims incurred but not reported by that date, together with the expected administrative costs of settlement. Any differences between provisions and subsequent settlements are dealt with in the technical accounts of later years.

Unexpired risks provisions

The total of unearned premiums and related investment returns in future years is compared with the aggregate estimated future claims and expenses in respect of business in force at the year end. A provision for unexpired risks is created to meet any anticipated deficiency for each grouping of business which is managed together.

Acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred subject to recoverability and amortised over the period in which the related premiums are earned.

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 - continued

1 ACCOUNTING POLICIES - continued

Depreciation

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Equipment	20% - 33.33%
Motor vehicles	18% - 22%

Retirement benefits

The cost of providing retirement benefits is charged to the technical account - general business over the periods benefiting from the employees' services. The difference between the charge to the profit and loss account and the contributions and premiums paid, is included as an asset or liability in the balance sheet.

Deferred taxation

Provision is made for all material timing differences to the extent that it is probable that a liability or asset will crystallise, at the rate which is then expected to apply.

Investments

- i) Investment income is the amount receivable for the period, and includes, where appropriate, the imputed tax credit.
- ii) Investments are included in the balance sheet at current market value.
- iii) Realised and unrealised investment gains are included in the non-technical account in the period in which they arise.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year or, if hedged forward, at the rate of exchange under the related forward currency contract. Gains and losses arising on the translation of assets and liabilities are taken to the technical account - general business together with other exchange differences.

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).

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 - continued

2 SEGMENTAL INFORMATION

1999	Miscellaneous financial loss £'000	Legal expenses £'000	Assist- ance £'000	Total £'000
Gross premiums written	645	13,062	26,652	40,359
Gross premiums earned	621	13,496	24,842	38,959
Gross claims incurred	326	1,851	12,368	14,545
Operating expenses	283	5,375	8,426	14,084
Reinsurer's share of premiums and claims	-	5,839	-	5,839
General business technical result	12	627	4,048	4,687
1998	Miscellaneous financial loss £'000	Legal expenses £'000	Assist- ance £'000	Total £'000
Gross premiums written	704	13,804	26,230	40,738
Gross premiums earned	720	14,096	25,752	40,568
Gross claims incurred	377	1,448	12,510	14,335
Operating expenses	288	5,981	8,076	14,345
Reinsurer's share of premiums and claims	-	6,076	-	6,076
General business technical result	55	591	5,166	5,812

All gross premiums written are in respect of direct business and were concluded in the United Kingdom.

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 - continued

3 MOVEMENTS IN PRIOR YEARS' CLAIMS PROVISIONS

An adverse run-off deviation of £7,829 was experienced during the year in respect of legal expenses and a positive run-off of £42,333 in respect of Assistance (1998, positive run-off deviation of £249,000 in respect of legal expenses and an adverse run-off of £198,000 in respect of Assistance).

4 NET OPERATING EXPENSES

	1999	1998
	£'000	£'000
Policy acquisition costs	7,916	7,905
Change in deferred acquisition costs	102	22
Administration costs	6,066	6,418
Net operating expenses	<u>14,084</u>	<u>14,345</u>

The total commission incurred during the year was £7,378,000 (1998, £7,580,000).

Administration costs include general marketing costs, being an allocation of Centrica group's marketing expenses.

5 INVESTMENT INCOME

	1999	1998
	£'000	£'000
Income from other financial investments	<u>2,686</u>	<u>3,110</u>

6 AUDITORS' REMUNERATION

The remuneration of the auditors of the company for audit services was £45,000 (1998, £36,000). In addition, the remuneration of the auditors for non-audit services was £ nil (1998, £ nil).

7 DIRECTORS' EMOLUMENTS

The emoluments of the directors are paid by other group companies. All of the directors were also directors of a number of companies within the Centrica group, and it is not possible to make an accurate apportionment of their emoluments in respect of each of the group companies.

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 - continued

8 EMPLOYEES

The average number of persons employed by the company during the year was 118 (1998, 103).

Staff costs during the year amounted to:

	1999	1998
	£'000	£'000
Wages and salaries	1,804	1,494
Social security costs	125	110
Other pension costs	172	123
	<u>2,101</u>	<u>1,727</u>

9 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge for the year comprises:

	1999	1998
	£'000	£'000
United Kingdom corporation tax at 30.25% (1998 31%)		
Current year	261	2,727
Over provision in respect of prior years	(4)	(1)
	<u>257</u>	<u>2,726</u>

The corporation tax charge for the year has been reduced to that detailed above, by estimates of group relief to be surrendered by other group companies for no consideration.

10 DIVIDENDS

	1999	1998
	£'000	£'000
Proposed final dividend of £NIL per share (1998, £1.40)	-	3,500

11 DEBTORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	1999	1998
	£'000	£'000
Policyholders	195	113
Intermediaries	446	879
	<u>641</u>	<u>992</u>

12 OTHER DEBTORS

	1999	1998
	£'000	£'000
Amounts owed by group undertakings	18,021	1,072
Other debtors	2,054	1,912
	<u>20,075</u>	<u>2,984</u>

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 - continued

13	TANGIBLE ASSETS		
			Equipment and motor vehicles £'000
	Cost		
	At 1 January 1999		754
	Additions		34
	Inter-group transfers		68
	Disposals		(359)
	At 31 December 1999		<u>497</u>
	Depreciation		
	At 1 January 1999		633
	Charge for the year		60
	Inter-group transfers		40
	Disposals		(342)
	At 31 December 1999		<u>391</u>
	Net book value		
	At 31 December 1999		<u>106</u>
	At 31 December 1998		<u>121</u>
14	CALLED UP SHARE CAPITAL		
		1999 £'000	1998 £'000
	Ordinary shares of £1 each		
	Authorised	<u>10,000</u>	<u>10,000</u>
	Issued, called up and fully paid	<u>2,500</u>	<u>2,500</u>
15	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
		1999 £'000	1998 £'000
	Profit for the financial year	7,116	6,196
	Dividends payable	-	(3,500)
	Net addition to shareholders' funds	<u>7,116</u>	<u>2,696</u>
	Shareholders' funds at 1 January 1999	23,215	20,519
	Shareholders' funds at 31 December 1999	<u>30,331</u>	<u>23,215</u>

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 - continued

16 OTHER CREDITORS INCLUDING TAX AND SOCIAL SECURITY

	1999	1998
	£'000	£'000
Bank overdrafts	1,034	-
Amounts owed to group undertakings	2,936	5,066
Corporation tax	459	2,830
Other taxation and social security	274	234
Other creditors	8	230
Dividends payable	-	3,500
	<u>4,711</u>	<u>11,860</u>

17 PENSIONS AND SIMILAR OBLIGATIONS

Substantially all of the company's employees were members of either the AA management pension scheme or the AA staff pension scheme. These defined benefit schemes are funded to cover future pension liabilities in respect of service up to the balance sheet date. They are subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rate of employer's contributions which, together with the specified contributions payable by the employees and proceeds from the schemes' assets, are expected to be sufficient to fund the benefits payable under the schemes.

The company has a commitment to provide post-retirement private medical insurance cover for certain current and past employees.

Details relating to the latest actuarial valuations of these arrangements are contained in the financial statements of Centrica plc. Provisions for pensions and similar obligations are held centrally by The Automobile Association Limited.

18 DEFERRED TAXATION

The deferred taxation provision and full potential asset are set out below:

	1999 Full potential asset £'000	1999 Provision made £'000	1998 Full potential asset £'000	1998 Provision made £'000
Timing differences on				
Fixed assets	34	-	34	-
Provisions for pensions and similar obligations	232	-	252	-
Other items	158	-	132	-
	<u>424</u>	<u>-</u>	<u>418</u>	<u>-</u>

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 - continued

19 RELATED PARTY TRANSACTIONS

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

20 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 are available from the Company Secretary at this address.