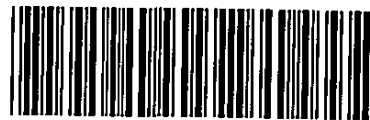


AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013

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AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2013

The directors present their report and audited financial statements of Automobile Association Underwriting Services Limited ("the Company") for the year ended 31 January 2013

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company is to transact general insurance business within the UK as regulated by the Financial Services Authority. This business is introduced by various other members of the AA Group on an arms-length basis.

During the year ended 31 January 2009, the directors took the decision to cease to write all personal business lines and to cease to write commercial business lines in line with contract expiry (mostly within one year of the balance sheet date). This commenced 1 June 2008. The directors believe that the Company has ample financial resources to pay all the claims as they fall due in an orderly fashion and that no change to the basis of preparation is required. New and renewal business for the Company's products is underwritten by another regulated underwriter in the Acromas Group.

The Company's profit and loss account for the year is set out on pages 7 and 8.

During the year, technical income has decreased from £505,000 to £198,000. Profit before tax has increased from £105,000 to £260,000.

The directors are satisfied with the financial position of the Company and expect the level of solvency to remain in excess of the requirements set by the Financial Services Authority.

KEY PERFORMANCE INDICATORS

The directors use the following key performance indicators to monitor the development, performance and position of the business:

	2013 £'000	2012 £'000
Net assets less intercompany debtors	6,676	6,323
Solvency capital requirement	2,016	2,008
Solvency margin	331%	315%
Claims ratio	-30%	87%

The claims ratio is calculated as claims incurred, net of reinsurance, divided by total technical income.

A negative loss ratio arises for 2013 due to favourable prior year development.

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JANUARY 2013

DIVIDENDS

The Company has paid a dividend of £nil during the year (2012 £13,000k)

DIRECTORS

The directors who held office during the period were as follows

S M Howard
S A Hazzard
A D Button
A K Boland
D A Slater
W R Treen

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is part of the Acromas Holdings Limited 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. The most important components of financial risk impacting the Company are described below

Due to the inherent unpredictable nature of future claims, the formation of the provision for claims outstanding is subject to uncertainty

Interest rate risk arises from balances held with financial institutions at variable rates of interest. The directors have reviewed the Company's exposure to interest rates and have concluded that the risk is appropriate in relation to the financial results of the Company. No action has therefore been taken to mitigate the Company's exposure to movements in interest rates

The Company is exposed to currency risk in respect of transactions with overseas entities based in Europe. The principal currency to which the Company is exposed is the Euro. The directors have reviewed the net exposure to foreign exchange risk and have concluded that no hedging is required. This policy is subject to periodic review

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Areas where the Company is exposed to significant credit risk are -

- **Reinsurer's share of liabilities.** As primary insurer, the Company must discharge its liability even if a reinsurer fails to pay a claim. The Company has one treaty reinsurer, which is another group company and is monitored on a regular basis to ensure its financial stability
- **Investments.** Cash is invested in money market funds with a Moody's rating of Aaa/MR1+. The fund must be a member of the Institutional Money Market Funds Association (IMMFA). The maximum investment in each fund is £80m. This is in line with the Group Treasury Policy

The Company has in place debt collection policies and procedures to minimise the likelihood of widespread defaults occurring

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JANUARY 2013

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Liquidity risk is the risk that cash may not be available to pay obligations when due. The risk is managed centrally with investments made in line with the Group Treasury Policy and ongoing cashflow requirements monitored and reforecast weekly. In addition, the Company's money market fund investments of £7m are available at twenty four hours notice. The directors are satisfied that the Company is not subject to significant liquidity risk.

The Company has put in place rigorous procedures and controls designed to prevent significant risks to the business occurring or to mitigate their effects if they should occur. These controls are monitored both by the Compliance and Internal Audit functions to ensure they are working effectively.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JANUARY 2013

GOING CONCERN

The Company's business activities, together with the factors likely to affect its performance and position, and its exposure to claims, interest rate, currency, credit and liquidity risk are described in the Directors' Report on pages 2 to 4

The Company has considerable financial resources to meet its liabilities as they fall due and has made provision for future underwriting claims costs. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the Company has adequate 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

RE-APPOINTMENT OF AUDITOR

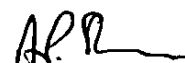
In accordance with section 487(2) of the Companies Act 2006, the Auditor Ernst & Young LLP is deemed re-appointed

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

BY ORDER OF THE BOARD



A P STRINGER
COMPANY SECRETARY
25th April 2013

Registered Office
Fanum House
Basing View
Basingstoke
Hampshire
RG21 4EA

Registered number 01674675

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

We have audited the financial statements of Automobile Association Underwriting Services Limited for the year ended 31 January 2013 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 18. 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 4, 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. 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 2013 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.

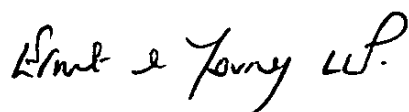
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



James Lenton (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

26 April 2013

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

TECHNICAL ACCOUNT – GENERAL BUSINESS

FOR THE YEAR ENDED 31 JANUARY 2013

	Notes	2013 £'000	2012 £'000
EARNED PREMIUMS, NET OF REINSURANCE			
Gross and net premiums written	2	29	310
Change in the gross provision for unearned premiums		169	195
TOTAL TECHNICAL INCOME		<u>198</u>	<u>505</u>
CLAIMS INCURRED, NET OF REINSURANCE			
Gross claims paid		205	654
Reinsurer's share		<u>(34)</u>	<u>(42)</u>
Net claims paid		171	612
Change in the gross provision for claims		(381)	(271)
Change in the provision for claims, reinsurer's share		<u>150</u>	<u>97</u>
Change in the net provision for claims		<u>(231)</u>	<u>(174)</u>
CLAIMS INCURRED, NET OF REINSURANCE		(60)	438
Net operating expenses	4	39	80
TOTAL TECHNICAL (INCOME)/CHARGES		<u>(21)</u>	<u>518</u>
BALANCE ON THE TECHNICAL ACCOUNT - GENERAL BUSINESS	2	<u><u>219</u></u>	<u><u>(13)</u></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 JANUARY 2013

	Notes	2013 £'000	2012 £'000
Balance on the technical account – general business		219	(13)
Investment income	5	41	118
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>260</u>	<u>105</u>
Tax on profit on ordinary activities	7	(64)	(28)
PROFIT AFTER TAX		<u>196</u>	<u>77</u>

All income and expenditure arises from continuing operations

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

The Company has no recognised gains or losses other than the results for the financial years reported above and, therefore, no separate statement of total recognised gains and losses is presented

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

BALANCE SHEET AT 31 JANUARY 2013

	Notes	2013 £'000	2012 £'000
ASSETS			
INVESTMENTS			
Holdings in collective investment schemes		7,000	7,000
REINSURER'S SHARE OF TECHNICAL PROVISIONS			
Claims outstanding		150	300
DEBTORS			
Debtors arising out of direct insurance operations	10	24	128
Other debtors	11	<u>10,015</u>	<u>10,174</u>
		<u>10,039</u>	<u>10,302</u>
OTHER ASSETS			
Cash at bank and in hand		7	7
PREPAYMENTS AND ACCRUED INCOME			
Accrued interest and rent		2	4
Deferred acquisition costs		<u>3</u>	<u>12</u>
		<u>5</u>	<u>16</u>
TOTAL ASSETS		<u><u>17,201</u></u>	<u><u>17,625</u></u>
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	12	2,500	2,500
Profit and loss account	13	<u>14,185</u>	<u>13,989</u>
SHAREHOLDERS' FUNDS		<u>16,685</u>	<u>16,489</u>
TECHNICAL PROVISIONS			
Provision for unearned premiums		56	225
Claims outstanding		<u>367</u>	<u>748</u>
		<u>423</u>	<u>973</u>
CREDITORS			
Other creditors	15	93	162
ACCRUALS AND DEFERRED INCOME			
		-	1
TOTAL LIABILITIES		<u><u>17,201</u></u>	<u><u>17,625</u></u>

The financial statements on pages 7 to 17 were approved by the board of directors on 25th April 2013 and were signed on its behalf by

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


A K BOLAND
DIRECTOR

Registered number 01674675

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

a) Basis of accounting

The financial statements of the Company have been prepared in accordance with section 6 of, and Schedule 3 to, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 pursuant to section 396 of the Companies Act 2006. The recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005 as amended in December 2006 ("the ABI SORP") have been adopted.

The financial statements have also been prepared in accordance with applicable UK generally accepted accounting policies, under the historical cost convention and on the going concern basis.

A summary of the principal accounting policies, which have been applied on a consistent basis with the prior year, is set out below.

b) Premiums written

All premiums written relate to business inception in the financial 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.

c) Unearned premiums

The provision for unearned premiums represents that proportion of the premiums written relating to the period of the policy that has not expired at the balance sheet date. Income is earned over the life of the contract in place, on a monthly basis.

d) Claims incurred

Claims incurred comprise claims and related expenses paid in the financial year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years.

e) Claims outstanding provisions

Provision is made at the year end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the Company. The estimated cost of claims includes expenses to be incurred in settling claims. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insured until some time after the event giving rise to the claims has happened. In calculating the estimated cost of unpaid claims the Company uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims.

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

f) Claims outstanding provisions (continued)

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the Company has regard to the claim circumstance as reported and information on the cost of settling claims with similar characteristics in previous periods.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions.

g) Reinsurance written

Reinsurance premiums are brought into the underwriting account on an accruals basis. The proportion of any premium relating to future periods is carried forward on the balance sheet.

h) 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 would be created to meet any anticipated deficiency for each grouping of business which is managed together.

i) Acquisition costs

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

j) Investments

Investment income is the amount receivable for the period. Investments are included in the balance sheet at current market value. Realised and unrealised investment gains are included in the non-technical account in the period in which they arise.

k) Cash flow statement

The Company's ultimate parent is Acromas Holdings Limited, whose consolidated financial statements are publicly available. The Company is a wholly owned subsidiary and is therefore exempt from the requirement to prepare a cash flow statement.

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

l) 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 net 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

m) Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation

n) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Gains and losses arising on the translation of assets and liabilities are taken to reserves. Other exchange differences are taken to the general business technical account

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 SEGMENTAL INFORMATION

All gross premiums written are in respect of business concluded in the United Kingdom

Segmental analysis showing the analysis of gross premiums written and earned, gross claims incurred, gross operating expenses and the reinsurance balance is not included since, in the opinion of the directors, such an analysis would be seriously prejudicial to the business

3 MOVEMENTS IN PRIOR YEARS' PROVISION FOR CLAIMS OUTSTANDING

A favourable run-off deviation of £179,000 (2012 £82,000) was experienced during the year

4 NET OPERATING EXPENSES

	2013 £'000	2012 £'000
Policy acquisition costs	-	16
Change in deferred acquisition costs	<u>9</u>	<u>13</u>
Gross commission	<u>9</u>	<u>29</u>
Other administration costs	<u>30</u>	<u>51</u>
	<u>39</u>	<u>80</u>
	2013	2012
Included within 'Other administration costs'	£'000	£'000
Audit of the financial statements	10	10
Other services pursuant to legislation, including the audit of the regulatory return	<u>10</u>	<u>10</u>
	<u>20</u>	<u>20</u>

The Company had no employees (2012 Nil)

The Company's policies are sold through intermediaries and it out-sources all its claims management, claims handling and administration to other group companies

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 INVESTMENT INCOME

	2013 £'000	2012 £'000
Income from other financial investments	<u>41</u>	<u>118</u>

6 DIRECTORS' EMOLUMENTS

S M Howard, D A Slater, S A Hazzard, A K Boland and A D Button are remunerated by Saga Group Limited, a fellow subsidiary of the ultimate parent undertaking, Acromas Holdings Limited. W R Treen is remunerated by Saga Services Limited, also a fellow subsidiary of the ultimate parent undertaking. None of these Directors received any emoluments during the year in respect of their services as Directors of the Company (2012: £nil) and it would not be practicable to apportion their emoluments between their services as Directors of the Company and their services as Directors of other group companies. The Company has not recharged any amount for the emoluments of these Directors (2012: £nil).

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is made up as follows	2013 £'000	2012 £'000
Current Tax		
- Corporation tax payable	<u>62</u>	<u>25</u>
Total current tax charge	<u>62</u>	<u>25</u>
Deferred tax		
- Origination and reversal of timing differences	2	3
- Total deferred tax charge (see note 9)	<u>2</u>	<u>3</u>
Total tax charge on ordinary activities	<u>64</u>	<u>28</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 before tax is as follows:

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	<u>260</u>	<u>105</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.33% (2012: 26.32%)	63	28
Effects of: Accelerated capital allowances and other short-term timing differences	(1)	(3)
Total current tax charge	<u>62</u>	<u>25</u>

8 DIVIDENDS

	2013 £'000	2012 £'000
Ordinary Equity per £1 share	<u>-</u>	<u>13,000</u>

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 DEFERRED TAXATION

Deferred tax assets comprise

	Amounts recognised	
	2013 £'000	2012 £'000
Timing differences on Deferred capital allowances	<u>6</u>	<u>8</u>
	2013 £'000	2012 £'000
Deferred tax at 1 February 2012	8	11
Profit and loss account	<u>(2)</u>	<u>(3)</u>
Deferred tax at 31 January 2013	<u>6</u>	<u>8</u>

Legislation was introduced to reduce the main rate of corporation tax from 24% to 23% with effect from 1 April 2013. The effect of this reduction is reflected in the deferred tax asset recorded on the balance sheet. Further reductions in the rate of UK corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015 were announced in December 2012 and March 2013.

10 DEBTORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2013 £'000	2012 £'000
Policyholders	-	89
Salvage and subrogation recoveries	<u>24</u>	<u>39</u>
	<u>24</u>	<u>128</u>

11 OTHER DEBTORS

	2013 £'000	2012 £'000
Amounts owed by group undertakings	10,009	10,166
Deferred tax asset (note 9)	<u>6</u>	<u>8</u>
	<u>10,015</u>	<u>10,174</u>

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

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 CALLED UP SHARE CAPITAL

	2013	2012
	£'000	£'000
Allotted, called up and fully paid		
2,500,000 ordinary shares of £1 each	<u>2,500</u>	<u>2,500</u>

13 PROFIT AND LOSS ACCOUNT

	2013	2012
	£'000	£'000
Opening balance	13,989	26,912
Profit for the financial year	196	77
Dividends paid	-	(13,000)
Closing balance	<u>14,185</u>	<u>13,989</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013	2012
	£'000	£'000
Profit for the financial year	196	77
Opening shareholders' funds	16,489	29,412
Dividends paid	-	(13,000)
Closing shareholders' funds	<u>16,685</u>	<u>16,489</u>

15 OTHER CREDITORS

	2013	2012
	£'000	£'000
Corporation tax	25	25
Amounts owed to group undertakings	62	80
Other taxation and social security	6	57
	<u>93</u>	<u>162</u>

The amounts owed to group undertakings are unsecured, have no repayment terms and bear no interest

AUTOMOBILE ASSOCIATION UNDERWRITING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Acromas Holdings Limited, the Company is exempt from the requirement to disclose related party transactions with other group undertakings under FRS 8 which cancel on consolidation

During the year the Company paid £214 (2012 £28,695) in respect of registration fees relating to European breakdown services provided by ARC Transistance S A , a European associate of a sister company in the Acromas Group The balance at the period end due to ARC Transistance S A was £47 (2012 £5,080)

17 ULTIMATE CONTROLLING PARTY

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

18 ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary of Automobile Association Developments Limited

The ultimate parent undertaking, which is also the parent of the smallest and largest group to consolidate these financial statements, is Acromas Holdings Limited whose registered office is at Enbrook Park, Folkestone, Kent, CT20 3SE Copies of the financial statements of Acromas Holdings Limited are available from the Company Secretary at this address