GOLDFISH FINANCIAL SERVICES LIMITED

REPORT AND ACCOUNTS

For the Year Ended 31st December 2001

Company No. 3226387

Contents

Directors' Report

The directors present their report and audited financial statements of Goldfish Financial Services Limited ("the Company") for the year ended 31 December 2001.

Principal activity

The principal activity of the Company is to provide business development services to Centrica financial service businesses. As part of these services, costs incurred by Goldfish Financial Services Limited may be recharged to other group companies, including Goldfish Bank Limited.

The Company's registered office changed from Charter Court, 50 Windsor Road, Slough, Berkshire, SL1 2HA, United Kingdom to Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD, United Kingdom on 14th September 2001.

Financial Results

The loss for the period before tax amounted to £3,072,000 (2000: £20,630,000). Loss after tax amounted to £3,072,000 (2000: £20,630,000).

Dividends

The directors do not recommend the payment of a dividend in respect of the year (2000:£nil).

Directors

The following served as directors throughout the period:

	Appointed	Resigned
Peter Barrett	31st January 2000	3rd September 2001
Ian Peters	10th May 2002	
Douglas Richards	31st January 2000	10th May 2002
Moira Lynne Turner	10th May 2002	
Simon Waugh	31st January 2000	10th May 2002

Secretary

The following served as secretary throughout the year:

	Appointed	Resigned
Maxine Louise Harrison	31st January 2000	14th March 2002
Centrica Secretaries Limited	14th March 2002	

Directors' Interests

At no time during the year ended 31 December 2001, did any director have any interest in the shares of the Company or any other Company in the Centrica plc group, except for the interests in, and the options over, the shares and interests of the ultimate parent Company, Centrica plc, as set out below.

The directors with interests in ordinary shares of Centrica plc during the year (which include those of their families), and who were holding office at the year end are as follows:

Interests in ordinary shares

	As at 31 Dec 2001	As at 31 Dec 2000
Douglas Richards	1,446	1,200
Simon Waugh	1,197	951

Interests shown include shares held under the terms of the Centrica plc profit sharing scheme, where applicable.

Sharesave

	As at 31 Dec 2001	As at 31 Dec 2000
Douglas Richards	37,176	37,176

Options over shares in Centrica plc granted in April 1997 were at an option price of 46.4 pence per share.

Long Term Incentive Scheme

	As at 31 Dec 2001	Granted in the year	Exercised during year	As at Dec 2000
Douglas Richards	168,005	29,275	0	138,730
Simon Waugh	1,054,758	111,612	0	943,146

Notional allocations of shares were made on 1 October 2001 at a base price of 234.37 pence. Figures as at 31 December 2001 shown above include notional allocations of shares subject to performance conditions and for Douglas Richards and Simon Waugh, allocations of shares that have reached the conclusion of the relevant performance period but will not be transferred until the expiry of the retention period (a further two years).

Centrica Executive Share Option Scheme

	As at 31 Dec 2001	Granted in the year	Exercised during year	As at Dec 2000
Douglas Richards	49,989	49,989	0	0
Simon Waugh	254,113	254,113	0	0

Directors' Report (continued)

Options were granted on 31 May 2001 under the terms of the Centrica Executive Share Option Scheme at an option price of 240.05 pence. The options will become exercisable, to the extent that performance conditions are satisfied, three years after the date of the grant and remain exerciseable until the tenth anniversary of the grant.

The closing price of a Centrica plc ordinary share on the last trading day of 2001 (31 December) was 222 pence. The range during the year was 257 pence (high) and 199.75 pence (low).

Options were granted under the terms of the ultimate parent Company's Savings Related Share Option Scheme and New Executive Share Option, and allocations made under the terms of the Long Term Incentive Scheme. Details of these schemes can be found in the accounts of Centrica plc.

There were no contracts of significance subsisting during or at the end of the financial year to which the Company is a party and in which any director is or was materially interested.

Directors' and officers' liability

Directors' and officers' liability insurance has been purchased by the ultimate parent Company, Centrica plc.

Auditors

PricewaterhouseCoopers have expressed their willingness to continue in office as auditors.

The Company has passed an elective resolution to dispense with the need to hold Annual General Meetings and the laying of accounts before them and with the need to reappoint auditors annually.

By order of the Board

Philip Davies
for and on behalf of Centrica Secretaries Limited

15th October 2002

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire SL4 5GD

Statement of Directors' Responsibilities

The following statement sets out the responsibilities of the Directors in relation to these accounts. The report of the auditors on page 4 sets out their responsibilities in relation to these accounts.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those accounts, the directors are required to:
* select suitable accounting policies and then apply them consistently, subject to any material departures being disclosed and explained;
* make judgements and estimates that are reasonable and prudent;
* state whether applicable accounting standards have been followed, and
* prepare the accounts on a going concern basis unless they consider that to be inappropriate.

The directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and to enable the directors to ensure that the accounts comply with the United Kingdom Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the Company and, in that context, to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

The directors are required to prepare the accounts and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

The directors consider that they have pursued the actions necessary to meet these responsibilities.

Independent Auditors' Report to the members of Goldfish Financial Services Limited

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

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 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.

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 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 mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

21 October 2002

Profit and Loss account for the year ended 31 December 2001

	Notes	2001 Results for the year £000	2000 Results for the year £000
Turnover	2	**5,166**	158
Gross operating costs	3	**(8,238)**	(20,788)
Loss on ordinary activities before taxation		**(3,072)**	(20,630)
Taxation on loss on ordinary activities	5	**0**	0
Loss on ordinary activities after taxation for the financial year		**(3,072)**	(20,630)
Transfer to reserves	12	**(3,072)**	(20,630)

All items dealt with in arriving at the results before taxation for both 2001 and 2000 relate to continuing operations.

There is no difference between the profit and loss account reported above and its historical cost equivalent.

The Company has no recognised gains or losses in 2001 other than the results for the financial years reported above, and, therefore, no separate statement of total recognised gains and losses is presented.

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

Balance Sheet as at 31 December 2001

	Notes	2001 £000	2000 £000
Fixed assets			
Tangible assets	6	**369**	256
Current assets			
Debtors (amounts falling due within one year)	7	**1,981**	574
Cash at bank and in hand		**0**	454
		1,981	1,028
Creditors (amounts falling due within one year)			
Borrowings	8	**(210)**	0
Other creditors	9	**(25,338)**	(21,552)
		(25,548)	(21,552)
Net current liabilities		**(23,567)**	(20,524)
Total assets less current liabilities		**(23,198)**	(20,268)
Provisions for liabilities and charges	10	**(504)**	(362)
Net liabilities		**(23,702)**	(20,630)
Capital and reserves – equity interests			
Called up share capital	11	**0**	0
Profit and loss account	12	**(23,702)**	(20,630)
Shareholders' funds	13	**(23,702)**	(20,630)

The financial statements were approved by the board of directors on the 15th October 2002 and were signed on its behalf by:

M. L. Twe .

Director

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

Notes to the financial statements

1 Principal accounting policies

Accounting principles

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention and the Companies Act 1985. Both Financial Reporting Standard (FRS) 18, Accounting Policies, and FRS19, Deferred Tax, were adopted in 2001.

Basis of preparation

The directors believe that the going concern basis is applicable for the preparation of the accounts as it is Centrica plc's present intention to provide financial support to the Company.

Turnover

Turnover represents the amounts receivable for services provided and goods sold or recharged, excluding trade discounts, value added tax and similar sales related taxes.

Operating costs

Costs incurred on behalf of other companies within the Centrica group are recorded initially as operating costs, before recharge.

Long-term incentive schemes

The cost of potential share awards under the Group's long-term incentive schemes is charged to the profit and loss account over the period to which the performance criteria of each allocation relates. Cost is defined as the difference between the contribution receivable from employees and the market value at the date of grant, or the actual cost of shares where market purchases are made at, or around, grant date. Cost also includes National Insurance charges expected to arise at exercise dates.

Tangible assets

Tangible fixed assets are included in the balance sheet at cost, less accumulated depreciation and any provisions for impairment. Tangible fixed assets are depreciated on a straight-line basis at rates sufficient to write off the cost, less estimated residual values, of individual assets over their estimated useful lives. The depreciation periods for the principal categories of assets are as follows:

Equipment	3 - 5 years
Motor Vehicles	4 - 6 years

Pensions

Pensions are accounted for in accordance with SSAP24, Pension Costs. The majority of the company's UK employees as at 31 December 2001 were members of three of four schemes in the Centrica plc Group; the Centrica Staff Pension Scheme, the Centrica Management Pension Scheme (formerly the AA Management Pension Scheme), or the AA Staff Pension Scheme. Each of these is a defined benefit scheme. It is not possible on a reasonable and consistent basis to identify the company's share of the underlying assets and liabilities within these schemes, and therefore, as allowed within FRS17, these schemes have been accounted for as defined contribution schemes. Contributions to these schemes have been charged to the profit and loss account when incurred. Details of the schemes can be found in the 2001 accounts of Centrica plc.

Taxation

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 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Cash Flow Statement

The Company is exempt from the requirement to produce a Cashflow statement under Financial Reporting Standard 1 (revised) since it is indirectly a wholly owned subsidiary undertaking of Centrica plc which prepares consolidated accounts which are publicly available.

2 Turnover

All of the turnover arises from one class of business within the UK.

3 Operating costs

	2001 £000	2000 £000
Operating loss is stated after charging:		
Depreciation on tangible fixed assets	**60**	11
Auditors' remuneration:		
Statutory audit	**10**	29
Other	**478**	5,609
	548	5,649

Notes to the financial statements (continued)

4 Directors and employees

a) Employee costs	2001 £000	2000 £000
Wages and salaries	1,956	837
Social security costs	171	61
Other pension and retirement benefits costs (see note 14)	142	44
Long Term Incentive Scheme	0	0
Employee Profit Sharing Scheme	0	0
Less: amounts recharged to Group companies	(1,956)	0
	313	942

The average number of persons employed by the Company during the year was 56 (2000: 27).

b) Directors emoluments	2001 £000	2000 £000
Fees to directors	280	208
Other emoluments excluding pension contributions	0	0
Pension contributions	9	4
	289	212

The emoluments of the highest paid director, excluding pension contributions were £183,953 (2000:£208,394). The pension contributions made by the Company in respect of this director were £ 5,944 (2000:£4,030). All of these costs were recharged to Goldfish Bank Limited.

Details of directors' share options and long term incentive scheme interests are on pages 1 to 2 of these financial statements.

5 Tax

The tax charge comprises:

	2001 £000	2000 £000
Corporation tax at 30% (2000: 30%)	0	0
Deferred tax:		
- current year	0	0
Total tax on loss on ordinary activities	0	0

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

	2001 £000	2000 £000
Loss on ordinary activities before tax	(3,072)	(20,630)
Tax on loss on ordinary activities at standard UK corporation tax rate of 30% (2000: 30%)	(922)	(6,189)
Effects of:		
Timing differences not recognised under FRS19	(392)	1,507
Expenses not deductible for tax purposes	1	1
Group relief	1,313	4,681
Current tax charge for the year	0	0

Tax losses are surrendered for group relief purposes for nil consideration.

6 Tangible assets

	Plant, equipment and vehicles £000
Cost	
As at 1 January 2001	267
Additions	146
Disposals	(28)
Transfers from Group Companies	66
As at 31 December 2001	**451**
Depreciation and amortisation	
As at 1 January 2001	11
Charge for the year	60
Disposals	(24)
Transfers from Group Companies	35
As at 31 December 2001	**82**
Net book value	
As at 31 December 2001	**369**
As at 31 December 2000	256

Notes to the financial statements (continued)

7 Debtors

Amounts falling due	2001 within one year £000	2000 within one year £000
Amounts owed by Group undertakings	1,941	290
Other debtors	40	284
	1,981	574

8 Borrowings

Amounts falling due	2001 within one year £000	2000 within one year £000
Bank loans and overdrafts	210	0
	210	0

9 Other creditors

Amounts falling due	2001 within one year £000	2000 within one year £000
Amounts owed to Group undertakings	20,845	12,461
Taxation and social security	1,138	0
Other creditors	2,564	7,821
Accruals and deferred income	791	1,270
	25,338	21,552

10 Provisions for liabilities and charges

	As at 1 January 2001 £000	Profit and loss charge £000	Utilised in year £000	As at 31 December 2001 £000
Pension and other retirement benefits	(362)	(142)	0	(504)
Deferred corporation tax	0	0	0	0
	(362)	(142)	0	(504)

Deferred corporation tax

There is no deferred taxation to disclose (2000: Nil). As required by FRS 19, deferred tax assets are only recognised when there is persuasive and reliable evidence that the assets can be realised. Detailed operating plans covering two years from the balance sheet date are used for deferred tax asset recognition purposes. Potential deferred tax asset utilisation falling outside that planning horizon is not currently recognised on the balance sheet. As encouraged by FRS 19, deferred tax asset recognition will be regularly assessed.

11 Called up share capital

	2001 £	2000 £
Authorised share capital of the Company		
Ordinary shares of £1 each	100	100
Allotted and fully paid share capital of the Company		
Ordinary shares of £1 each	2	2

Notes to the financial statements (continued)

12 Reserves

	Profit and loss account £000
As at 1 January 2001	(20,630)
Retained loss for the year	(3,072)
As at 31 December 2001	**(23,702)**

13 Movement in shareholders' funds

	2001 £m	2000 £m
Shareholders' funds as at 1 January	**(20,630)**	0
Loss attributable to the Company	**(3,072)**	(20,630)
Dividends	**0**	0
Net movement in shareholders' funds for the financial year	**(3,072)**	(20,630)
Shareholders' funds as at 31 December	**(23,702)**	**(20,630)**

14 Pensions

The majority of the Company's UK employees as at 31 December 2001 were members of three of four schemes in the Centrica plc Group; the Centrica Staff Pension Scheme, the Centrica Management Pension Scheme (formerly the AA Management Pension Scheme), and the AA Staff Pension Scheme.

These schemes are defined benefit schemes and their assets are held in separate trustee administered funds. However, it is not possible on a reasonable and consistent basis to identify the Company's share of the underlying assets and liabilities within these schemes, and therefore, as allowed within FRS17, these schemes have been accounted for as defined contribution schemes. The aggregate contributions to the schemes during the year were £142,064, of which nil was outstanding at the balance sheet date. The latest actuarial valuation of the schemes, prepared for the purposes of making the transitional disclosures in accordance with FRS17 in the consolidated financial statements of Centrica plc, show a total deficit of £206m (£145m net of deferred tax). Further details of this valuation can be found in the annual report of Centrica plc.

The liabilities under the pension schemes will be paid out over an extended period. The Company is contributing to the pension fund on the basis of actuarial advice as to the amounts required to meet these liabilities in full. This actuarial advice is based on triennial funding valuations, the last of which was as at 31 March 2001. Since then the company has continued to take actuarial advice and has maintained its current contribution levels.

15 Related party transactions

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

16 Ultimate holding Company and controlling party

The Company is a wholly owned subsidiary of Automobile Association Insurance Services Holdings Limited, a company registered in England and Wales.

The ultimate holding company and controlling party at 31st December 2001 was Centrica plc, which is incorporated in the United Kingdom and registered in England. Copies of the Centrica plc Report and Accounts can be obtained from Secretariat, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD. Centrica plc is the smallest and largest group to consolidate these financial statements.