

AA ROAD SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JANUARY 2008

Registered Number: 04447909



AA ROAD SERVICES LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 JANUARY 2008

The directors present their report and audited financial statements of AA Road Services Limited (the "Company") for the thirteen month period ended 31 January 2008.

PRINCIPAL ACTIVITIES AND REVIEW OF THE COMPANY

The Company did not trade during the period.

The principal activity of the Company was the provision of tyre fitting services through its own resources as well as acting as an intermediary between large fleet companies, independent tyre fitters and dealers. The Company ceased trading on 7 October 2004. These financial statements have been prepared on a break-up basis.

On 18 September 2007, the AA Group, of which the Company is a member, was acquired by the Acromas Group for £3.35 billion. Further details of this acquisition can be found in the accounts of Acromas Holdings Limited.

As a result of this acquisition, the Company changed its year end to 31 January 2008, being the Acromas group year end, meaning that these financial statements cover a thirteen month period.

Due to the nature of the Company, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

The profit and loss account for the period is set out on page 6.

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 interest rate risk, credit risk and liquidity risk.

Interest rate risk arises from inter-company balances which bear interest at LIBOR plus a margin, bank borrowings and from short term investments held with financial institutions. The directors have reviewed the Company's exposure to interest rates and have concluded that the risk is appropriate in relation to financial results of the Company. No action has therefore been taken to mitigate the Company's exposure to movements in interest rates.

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The exposure on any individual counterparty is assessed as very low so the directors believe that the credit risk for the Company is acceptable.

Liquidity risk is the risk that cash may not be available to pay obligations when due. This risk is managed centrally by the Treasury team, within parameters set by the Acromas Group. The directors are satisfied that the Company is not subject to significant liquidity risk.

In order to manage these risks, the Company has put in place rigorous procedures and controls designed to prevent these risks occurring or, where this is not possible, to mitigate their effects. These controls are monitored both by the Compliance and Internal Audit functions to ensure they are working effectively.

AA ROAD SERVICES LIMITED

DIRECTORS' REPORT (continued)

FOR THE PERIOD ENDED 31 JANUARY 2008

DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the period (year to 31 December 2006: £nil).

DIRECTORS

The directors of the Company during the period were as follows:

Andrew Goodsell	(Appointed 18 September 2007)
Stuart Howard	(Appointed 18 September 2007)
Andrew Strong	(Appointed 18 September 2007)
Timothy Parker	(Resigned 18 September 2007)
Paul Woolf	(Resigned 18 September 2007)

John Davies was appointed Company Secretary on 14 December 2007.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

APPOINTMENT OF AUDITORS

During the year Ernst & Young LLP were appointed as auditor to the Company to fill a casual vacancy left by the resignation of the previous auditor. The previous auditor had indicated that there are no issues connected with their resignation that they wish to bring to the attention of the shareholders.

In accordance with s. 386(2) of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually, in which case the incumbent auditors, Ernst & Young LLP, are deemed re-appointed.

AA ROAD SERVICES LIMITED

DIRECTORS' REPORT (continued)

FOR THE PERIOD ENDED 31 JANUARY 2008

DISCLOSURE OF INFORMATION TO AUDITORS

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



JOHN DAVIES
COMPANY SECRETARY

27/11/ 2008

Registered Office
Fanum House
Basing View
Basingstoke
Hampshire
RG21 4EA

AA ROAD SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AA ROAD SERVICES LIMITED

We have audited the financial statements (the "financial statements") of AA Road Services Limited for the 13 months ended 31 January 2008 which comprise profit and loss account, balance sheet and the related notes 1 to 12. 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 auditors' 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 Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 in our opinion 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 judgments 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.

AA ROAD SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AA ROAD SERVICES
LIMITED (continued)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs at 31 January 2008 and its loss 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

27 November 2008

AA ROAD SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 JANUARY 2008

	Notes	13 Months to 31.1.2008 £'000	Year to 31.12.2006 £'000
Profit on termination of operations	2	-	566
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	566
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(40)	(102)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	10	(40)	464

Profit on ordinary activities before taxation for the periods ended 31 January 2008 and 31 December 2006 relates to continuing operations.

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

The notes on pages 8 to 11 form part of these financial statements.

AA ROAD SERVICES LIMITED

BALANCE SHEET AT 31 JANUARY 2008

	Notes	31.1.2008 £'000	31.12.2006 £'000
CURRENT ASSETS			
Debtors	6	7,333	7,333
CREDITORS (amounts falling due within one year)	7	(8,642)	(8,602)
NET LIABILITIES		<u>(1,309)</u>	<u>(1,269)</u>
CAPITAL AND RESERVES			
Called up share capital	8	1,000	1,000
Share premium	9	16,500	16,500
Profit and loss account	9	<u>(18,809)</u>	<u>(18,769)</u>
TOTAL SHAREHOLDERS' DEFICIT	10	<u>(1,309)</u>	<u>(1,269)</u>

The financial statements on pages 6 to 11 were approved by the board of directors on 27/11/2008 and were signed on its behalf by:



STUART HOWARD
DIRECTOR

The notes on pages 8 to 11 form part of these financial statements.

AA ROAD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Basis of accounting – break up

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the UK and the Companies Act 1985. The principal accounting policies, which have been applied on a consistent basis with the prior period, are set out below.

The financial statements have been prepared on a break up basis as the Company ceased trading in 2004.

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.

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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 PROFIT ON TERMINATION OF OPERATIONS

The profit on termination of operations relates to the release of provisions made in prior years which are no longer required. There is an associated tax credit of £nil (2006: tax credit of £132,000).

3 AUDIT FEE

The audit fee has been borne by another group company.

AA ROAD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 DIRECTORS' EMOLUMENTS

Andrew Goodsell and Stuart Howard are also Directors of the ultimate parent company, Acromas Holdings Limited (formerly Spring & Alpha Topco Limited), and fellow subsidiaries. Andrew Strong is also a Director of fellow subsidiaries of the Acromas Holdings Limited. Details of the remuneration received can be found in the financial statements of Acromas Holdings Limited for Andrew Goodsell and Stuart Howard, and in Saga Services Limited for Andrew Strong.

As the Directors do not believe that it is practicable to apportion the Directors' emoluments, no recharge has been made to the Company. Accordingly no remuneration is recognised in these financial statements.

The Company has no employees (2006: nil).

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	13 Months to 31.1.2008 £'000	Year to 31.12.2006 £'000
The tax charge comprises:		
Corporation tax		
- Current period/year	-	132
- Prior year	40	(30)
Total tax charge on profit on ordinary activities	40	102

The corporation tax charge represents payments for group losses.

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

	13 Months to 31.1.2008 £'000	Year to 31.12.2006 £'000
Profit on ordinary activities before tax	Nil	566
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2006: 30%)	-	170
Effects of:		
Notional transfer pricing income	-	22
Accelerated capital allowances	-	(60)
Adjustments in respect of the prior year	40	(30)
Current tax charge for the period	40	102

Any corporation tax liabilities of the Company as at 30 September 2004 are covered by an indemnity from the previous ultimate parent undertaking. They would be payable by the Company and recoverable by AA Acquisition Co Limited, an intermediate parent undertaking.

AA ROAD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6	DEBTORS (amounts falling due within one year)	31.1.2008	31.12.2006
		£'000	£'000
	Amounts owed by group undertakings	<u>7,333</u>	<u>7,333</u>
		<u>7,333</u>	<u>7,333</u>

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

7	CREDITORS (amounts falling due with one year)	31.1.2008	31.12.2006
		£'000	£'000
	Amounts owed to group undertakings	<u>8,310</u>	<u>8,270</u>
	Accruals and deferred income	<u>332</u>	<u>332</u>
		<u>8,642</u>	<u>8,602</u>

The amounts owed to group undertakings are unsecured and have no repayment terms and bears no interest.

8	CALLED UP SHARE CAPITAL	31.1.2008	31.12.2006
		£	£
	Ordinary shares of £1 each		
	Authorised	<u>£5,000,000</u>	<u>£5,000,000</u>
	Issued, called up and fully paid	<u>£1,000,002</u>	<u>£1,000,002</u>

9	RESERVES			
		Share Premium	Profit and loss	Total
		£'000	£'000	£'000
	At 1 January 2007	16,500	(18,769)	(2,269)
	Result for the period	<u>-</u>	<u>(40)</u>	<u>(40)</u>
	At 31 January 2008	<u>16,500</u>	<u>(18,809)</u>	<u>(2,309)</u>

10	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT		
		31.1.2008	31.12.2006
		£'000	£'000
	(Loss) / Profit for the period/year	<u>(40)</u>	<u>464</u>
	Net movement in shareholders' deficit	<u>-</u>	<u>464</u>
	Shareholders' deficit at 1 January	<u>(1,269)</u>	<u>(1,733)</u>
	Shareholders' deficit at 31 January	<u>(1,309)</u>	<u>(1,269)</u>

AA ROAD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary, the Company is exempt from the requirement to disclose related party transactions with other Acromas Group undertakings under FRS 8.

There are no other related party transactions.

12 ULTIMATE PARENT UNDERTAKING

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

The ultimate parent undertaking, which is also the parent of the smallest and largest group to consolidate these financial statements, is Acromas Holdings Limited (the previous ultimate parent undertaking was AA Limited, which was acquired by Acromas Holdings Limited (formerly Spring & Alpha Topco Limited) on 18 September 2007) whose registered office is at The Saga Building, Enbrook Park, Folkestone, Kent, CT20 3SE. Copies of the financial statements of Acromas Holdings Limited are available from the Company Secretary at this address.