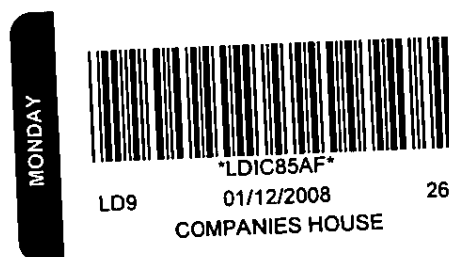


AA SPC CO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2008



Registered Number: 5088289

AA SPC CO LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 JANUARY 2008

The directors present their report and audited financial statements of AA SPC Co Limited for the thirteen month period ended 31 January 2008.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company during the period was that of a holding company.

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.

RESULTS AND DIVIDENDS

The loss for the period, as set out in the profit and loss account on page 5, was £2.0m (year to 31 December 2006: loss of £2.6m). The directors do not recommend the payment of a dividend for the period (2006: £nil). The loss for the period was transferred to reserves.

DIRECTORS

The directors, who held office in the period, were as follows:

Andrew Goodsell	(Appointed 18 September 2007)
Stuart Howard	(Appointed 18 September 2007)
Andrew Strong	(Appointed 18 September 2007)
Sir Trevor Chinn	(Resigned 18 September 2007)
Robin Hooper	(Resigned 13 November 2007)
Philip Muelder	(Resigned 13 November 2007)
Robert Lucas	(Resigned 13 November 2007)
Timothy Parker	(Resigned 18 September 2007)
Charles Sherwood	(Resigned 13 November 2007)
Paul Woolf	(Resigned 18 September 2007)

John Davies was appointed Company Secretary on 18 September 2007.

AA SPC CO LIMITED

DIRECTORS' REPORT (continued)

FOR THE PERIOD ENDED 31 JANUARY 2008

FINANCIAL RISKS

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 intercompany balances which bear interest at LIBOR plus a margin. 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 counter party will be unable to pay amounts in full when due. The Company has reviewed its counter party exposure and has assessed the risk as 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 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.

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
- 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 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.

AA SPC CO LIMITED

DIRECTORS' REPORT (continued)

FOR THE PERIOD ENDED 31 JANUARY 2008

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.

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



J DAVIES
COMPANY SECRETARY

27th November 2008

Registered Office
Fanum House
Basing View
Basingstoke
Hampshire
RG21 4EA

AA SPC CO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AA SPC CO LIMITED

We have audited the financial statements (the "financial statements") of AA SPC Co Limited for the thirteen months ended 31 January 2008 which comprise the profit and loss account, balance sheet, statement of total recognised gains and losses and the related notes 1 to 17. 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.

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 of 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

28 November 2008

AA SPC CO LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 JANUARY 2008

	Notes	13 Months to 31.01.2008	Year to 31.12.2006 (Restated)
		£m	£m
Interest receivable and similar income	3	19.1	51.8
Interest payable and similar charges	4	(22.5)	(54.9)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>(3.4)</u>	<u>(3.1)</u>
TAXATION ON LOSS ON ORDINARY ACTIVITIES	7	1.4	0.5
LOSS FOR THE FINANCIAL PERIOD / YEAR		<u>(2.0)</u>	<u>(2.6)</u>

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

The notes on pages 7 to 12 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE PERIOD ENDED 31 JANUARY 2008

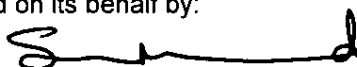
	Notes	13 Months to 31.1.2008	Year to 31.12.2006 (Restated)
		£m	£m
LOSS FOR THE FINANCIAL PERIOD		<u>(2.0)</u>	<u>(2.6)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD / YEAR		<u>(2.0)</u>	<u>(2.6)</u>
PRIOR YEAR ADJUSTMENTS	2	7.4	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		<u>5.4</u>	

AA SPC CO LIMITED

BALANCE SHEET AT 31 JANUARY 2008

	Notes	31.01.2008 £m	31.12.2006 (Restated) £m
FIXED ASSETS			
Investments in group undertakings	8	<u>20.0</u>	<u>-</u>
		20.0	-
CURRENT ASSETS			
Debtors	9	1,759.8	98.2
CREDITORS (amounts falling due within one year)	10	(1,643.6)	(2.4)
NET CURRENT ASSETS		<u>116.2</u>	<u>95.8</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		136.2	95.8
CREDITORS (amounts falling due after more than one year)	11	(123.6)	(101.2)
NET ASSETS / (LIABILITIES)		<u>12.6</u>	<u>(5.4)</u>
CAPITAL AND RESERVES			
Called up share capital	12	20.5	0.5
Profit and loss account	13	<u>(7.9)</u>	<u>(5.9)</u>
EQUITY SHAREHOLDERS' FUNDS / (DEFICIT)	14	<u>12.6</u>	<u>(5.4)</u>

The financial statements on pages 5 to 12 were approved by the board of directors on 27/11/2008 and were signed on its behalf by:



S M HOWARD
DIRECTOR

The notes on pages 7 to 12 form part of these financial statements.

AA SPC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention 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 Company is exempt from the requirement to prepare consolidated group accounts as it is a wholly owned subsidiary of Acromas Holdings Limited, who prepare consolidated group accounts that are publicly available. Consequently, these accounts present information about AA SPC Co Limited as an individual undertaking.

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 different from those in which they are recognised in the financial statements.

A 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.

Investments

Fixed asset investments in group undertakings are stated at cost, less any provisions for impairment.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. They are classified according to the substance of the contractual arrangements entered into.

AA SPC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

a) Debt instruments

Debt is recognised in the balance sheet as the cash proceeds received less finance costs incurred directly in connection with the issue of the instrument. Finance costs in respect of the instruments, including discounts on issue, are capitalised at inception and charged to the profit and loss account over the term of the instrument to achieve a constant rate on the balance outstanding.

b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. It is initially recognised as cash proceeds less issue costs.

2 PRIOR YEAR RESTATEMENT

During the preparation of the current period statutory accounts it was noted that there had been a miscalculation on the SPC balance which was considered as a fundamental error.

The comparative figures have been restated to reflect the correct accounting treatment. The effect on the profit and loss account of the restatement has been to decrease the loss before tax by £3.6m from £(6.7)m to £(3.1)m, decrease the tax credit by £1.1m from £1.6m to £0.5m, and decrease the overall loss by £2.5m from £5.1m to £2.6m. The effect of the balance sheet restatement has been to decrease debtors by £1.1m from £99.3m to £98.2m, **increase creditors (amounts falling due within one year) by £2.1m from £0.3m to £2.4m**, decrease creditors (amounts falling due after more than one year) by £10.6m from £111.8m to £101.2m, and decrease the retained profit and loss reserve deficit by £7.4m from £(13.3)m to £(5.9)m.

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	13 Months to 31.1.2008 £m	Year to 31.12.2006 £m
Bank interest receivable	-	1.4
Inter-group interest from subordinated permanent securities	19.1	50.4
	<u>19.1</u>	<u>51.8</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	13 Months to 31.1.2008 £m	Year to 31.12.2006 (Restated) £m
Unwinding of discount on subordinated preference certificates (see note 11)	18.9	34.7
Intercompany interest payable	0.1	-
Amortisation of issue costs	3.5	20.2
	<u>22.5</u>	<u>54.9</u>

5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before tax is stated after charging an audit fee of £12,000 (2006: £15,000). The company's auditor provided no services other than the annual audit during either of the periods under review. Audit fees in the prior year related to the previous auditor.

AA SPC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 EMPLOYEES AND DIRECTORS' EMOLUMENTS

Andrew Goodsell and Stuart Howard are also directors of the Company's ultimate parent company, Acromas Holdings Limited, and of other subsidiaries within the group. Andrew Strong is also a Director of fellow subsidiaries. Details of the remuneration received are disclosed in the financial statements of Acromas Holdings Limited for Andrew Goodsell and Stuart Howard, and in the financial statements of Saga Services Limited for Andrew Strong.

As the Directors do not believe that it is practicable to apportion the emoluments of Andrew Goodsell, Stuart Howard and Andrew Strong, these have not been recharged to the Company. Accordingly, the aggregate emoluments above exclude these Directors.

The Company had no other employees (2006: nil).

7 TAXATION ON LOSS ON ORDINARY ACTIVITIES

	13 Months to 31.1.2008 £m	Year to 31.12.2006 (Restated) £m
The tax (credit) is made up as follows:		
Current tax		
Current year	(1.0)	(0.5)
Prior period	(0.4)	-
Total tax credit for the period	<u>(1.4)</u>	<u>(0.5)</u>

The difference 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:

	13 Months to 31.1.2008 £m	Year to 31.12.2006 (Restated) £m
Loss on ordinary activities before tax	<u>(3.4)</u>	<u>(3.1)</u>
Tax on loss on ordinary activities at standard UK Corporation tax rate of 30% (2006: 30%)	(1.0)	(0.9)
Effects of:		
Notional transfer pricing income	-	0.4
Prior period	(0.4)	-
Current tax credit for the period	<u>(1.4)</u>	<u>(0.5)</u>

There is no provision for deferred tax in the year and there are no unrecognised deferred tax timing differences that fall to be disclosed (2006: £nil).

8 INVESTMENTS IN GROUP UNDERTAKINGS

	31.1.2008 £	31.12.2006 £
Cost		
At 1 January 2006	2	2
Additions	20,000,000	-
At 31 January / December	<u>20,000,002</u>	<u>2</u>

On 18 September 2007 the Company increased its investment in AA Junior Mezzanine Co Limited, a subsidiary undertaking, by £20.0m.

AA SPC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

The principal trading undertakings at 31 January 2008 were as follows:

<u>Subsidiary undertakings</u>	<u>Country of incorporation</u>	<u>% holdings in ordinary shares</u>	<u>Principal activity</u>
AA Junior Mezzanine Co Limited	England	100	Holding company
AA Acquisition Co Limited	England	100	Holding company
AA Senior Co Limited	England	100	Holding company
AA Corporation Limited	England	100	Holding company
The Automobile Association Limited	Jersey	100	Roadside services
AA The Driving School Agency Limited	England	100	Franchise operation
Acromas Reinsurance Company (Guernsey) Limited	Guernsey	100	Insurance services
AA Underwriting Limited	England	100	Ceased trading
Automobile Association Developments Limited	England	100	Roadside services
AA Road Services Limited	England	100	Ceased trading
Automobile Association Holdings Limited (3)	England	100	Holding company
Automobile Association Insurance Services Holdings Limited	England	100	Holding company
Automobile Association Insurance Services Limited	England	100	Roadside and financial services
Automobile Association Protection and Investment Planning Limited	England	100	Ceased trading
Automobile Association Underwriting Services Limited	England	100	Roadside and financial services
AA Ireland Limited	Ireland	100	Roadside and financial services
AA Assistance (Formally Volkswagen Assistance Limited)	England	100	Roadside Services (ceased trading)
Tourist Accommodation Management Services Limited	Ireland	100	Accommodation registration
Taylor Price Insurance Services Limited	England	100	Insurance services
Premium Funding Limited	England	100	Insurance services
AA Ireland Pension Trustees Limited	Ireland	100	Pension Trust
Drakefield Holdings Limited	England	86.6	Holding company
Drakefield Group Limited	England	86.6	Insurance services
Drakefield Services Limited	England	86.6	Insurance services
Drakefield Insurance Services Limited	England	86.6	Insurance services
Fanum Guernsey Limited	Guernsey	100	Investment
<u>Joint Ventures</u>			
Automobile Association Personal Finance Limited	England	50	Financial Services
<u>JANE</u>			
AA Financial Services (2)	England	N/A	Financial Services
<u>Associates</u>			
ARC Transistance SA	Belgium	20	Roadside Services
A.C.T.A. SA	France	20	Roadside Services
A.C.T.A. Assistance SA	France	20	Roadside Services

(1) All principal undertakings are indirectly held by the Company, except for AA Junior Mezzanine Co Limited, which is a direct subsidiary undertaking.

(2) AA Financial Services is an unincorporated entity in which there is a 50% interest. Its principal place of business is Capital House, Queen's Park Road, Handbridge, Chester, CH88 3AN.

(3) The holding in Automobile Association Holdings Limited also includes 100% of the company's special shares.

(4) The percentage voting rights are the same as the percentage holdings in ordinary shares.

(5) Dormant subsidiary undertakings whose results and financial position do not principally affect the Company's financial statements have been omitted.

AA SPC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 DEBTORS

	31.1.2008	31.12.2006 (Restated)
	£m	£m
Amounts owed by group undertakings – subordinated permanent securities	1,757.9	97.7
Amounts owed by other group undertakings	1.9	0.5
	<u>1,759.8</u>	<u>98.2</u>

The amounts owed by group undertakings are unsecured, bear interest at LIBOR plus a margin and have no repayment terms.

10 CREDITORS (amounts falling due within one year)

	31.1.2008	31.12.2006 (Restated)
	£m	£m
Amounts owed to group undertakings	<u>1,643.6</u>	<u>2.4</u>

The amounts owed to group undertakings are unsecured, bear interest at LIBOR plus a margin and have no repayment terms.

11 CREDITORS (amounts falling due after more than one year)

	31.1.2008	31.12.2006
	£m	£m
Subordinated preference certificates	<u>123.6</u>	<u>101.2</u>
Maturity of debt:		
In more than five years	<u>123.6</u>	<u>101.2</u>

Subordinated preference certificates are stated net of unamortised issue costs of £nil (2006: £3.5m).

12 CALLED UP SHARE CAPITAL

	31.1.2008	31.12.2006
	£	£
Authorised		
20,547,950 ordinary shares of £1 each	<u>20,547,950</u>	<u>547,950</u>
Allotted, called up and fully paid		
20,547,950 ordinary shares of £1 each	<u>20,547,950</u>	<u>547,950</u>

AA SPC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 PROFIT AND LOSS ACCOUNT

	31.1.2008 £m	31.12.2006 £m
At 1 January as previously stated	(13.3)	(8.2)
Prior period adjustment	7.4	4.9
At 1 January restated	(5.9)	(3.3)
Loss for the period	(2.0)	(2.6)
At 31 January / December	(7.9)	(5.9)

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31.1.2008 £m	31.12.2006 £m
Shareholders' (deficit) at 1 January as previously stated	(12.8)	(7.7)
Prior year adjustment	7.4	4.9
Shareholders' (deficit) at 1 January restated	(5.4)	(2.8)
Loss for the financial period	(2.0)	(2.6)
Share Capital issued	20.0	-
Shareholders' funds / (deficit) at 31 January/December	12.6	(5.4)

15 CROSS COMPANY GUARANTEES

The Company along with certain of its fellow subsidiaries acts as Obligor on bank loans made to Acromas Mid Co Limited (formerly Spring & Alpha Midco Limited). At 31 January 2008, the principal and accrued interest outstanding on these bank loans was £4,829.6 million (31 December 2006: £nil).

16 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.

17 ULTIMATE PARENTY UNDERTAKING

The Company is a wholly owned subsidiary of AA Limited (formerly AA Top Co 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 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.