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**AA MEDIA LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2011**

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## **AA MEDIA LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 JANUARY 2011**

The Directors present their report and audited financial statements of AA Media Limited ("the Company") for the year ended 31 January 2011

#### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the Company is publishing atlases, hotel and travel guides and producing AA branded signage

The profit and loss account for the period is set out on page 5. The profit before taxation of the Company for the period ended 31 January 2011 was £3,582,000 (year to 31 January 2010 £2,173,000 loss)

The Company's key financial and other performance indicators during the year were as follows

	<b>2011</b>	<b>2010</b>	
	<b>£'000</b>	<b>£'000</b>	<b>Change</b>
Turnover	25,831	25,918	0%
Staff costs recharged	(5,705)	(6,264)	-9%
Depreciation of tangible fixed assets	(354)	(336)	5%
Other operating expenses	<u>(16,137)</u>	<u>(14,945)</u>	8%
Total expenses excluding exceptional items	<u>(22,196)</u>	<u>(21,545)</u>	
<b>Operating profit excluding exceptional items</b>	<b><u>3,635</u></b>	<b><u>4,373</u></b>	
Operating efficiency	86%	83%	

Operating efficiency is defined as the amount of turnover expended on operating costs

#### **DIVIDENDS**

The Directors do not recommend the payment of a dividend for the year (2010 £nil). The profit for the year was transferred to reserves.

#### **DIRECTORS**

The directors, who held office during the period, were as follows

S M Howard  
A J P Strong  
A K Boland  
R C A Miles

#### **FUTURE DEVELOPMENTS**

The Company is to continue investment in the AA brand, system development, product initiatives and people of its publishing and signs businesses

## **AA MEDIA LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **FOR THE YEAR ENDED 31 JANUARY 2011**

##### **EMPLOYMENT POLICIES**

All staff costs recharged to the Company relate to employees of The Automobile Association Limited, a company incorporated in Jersey. Employment policy details can be found in the financial statements of that company.

##### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company is part of the Acromas Holdings Limited Group. The most important component of financial risk impacting the Company is credit risk.

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Due to all costs being recharged to AA Group companies, although the exposure to the risk (that costs incurred on behalf of the group are not repaid) is significant, the risk of non payment is deemed low by the Directors. The Directors are satisfied that no action to mitigate this risk is necessary.

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 judgments 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.

**AA MEDIA LIMITED**  
**DIRECTORS' REPORT (Continued)**  
**FOR THE YEAR ENDED 31 JANUARY 2011**

**GOING CONCERN**

The Company's business activities, together with the factors likely to affect its future development and its performance are described in the business review on pages 1 and 2

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 AUDITORS**

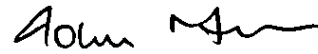
In accordance with section 487(2) of the Companies Act 2006, the Auditor Ernst & Young LLP is deemed re-appointed

**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

26 July 2011

Registered Office  
Fanum House  
Basing View  
Basingstoke  
Hampshire  
RG21 4EA

Registered Number 6112600

## AA MEDIA LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AA MEDIA LIMITED

We have audited the financial statements of AA Media Limited for the year ended 31 January 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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.

#### 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 2011 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.

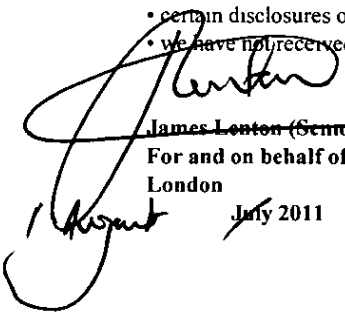
#### Opinion on other matter prescribed by the Companies Act 2006

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

July 2011

**AA MEDIA LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 JANUARY 2011**

	Notes	2011 £'000	2010 £'000
<b>TURNOVER</b>			
Turnover	2	25,831	25,918
<b>COST OF SALES</b>			
Before exceptional items		(12,497)	(12,252)
Exceptional items	5	-	(6,787)
<b>GROSS PROFIT</b>		<u>13,334</u>	<u>6,879</u>
<b>ADMINISTRATIVE EXPENSES</b>		(9,699)	(9,293)
<b>PROFIT/(LOSS) BEFORE INTEREST AND TAXATION</b>	3	3,635	(2,414)
Interest receivable and similar income	6	-	255
Interest payable and similar charges	7	(53)	(14)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>3,582</u>	<u>(2,173)</u>
Taxation on (profit)/loss on ordinary activities	8	<u>(1,192)</u>	<u>1,055</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	18	<u><u>2,390</u></u>	<u><u>(1,118)</u></u>

All income and expenditure arises from continuing operations

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

The notes on pages 7 to 14 form part of these financial statements

**AA MEDIA LIMITED**

**BALANCE SHEET AT 31 JANUARY 2011**

	Notes	2011 £'000	2010 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	782	643
<b>CURRENT ASSETS</b>			
Stock	10	7,094	4,629
Debtors	11, 16	<u>8,844</u>	<u>7,471</u>
		15,938	12,100
<b>CREDITORS</b> (amounts falling due within one year)	12, 14	<u>(15,340)</u>	<u>(13,723)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>598</u>	<u>(1,623)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,380	(980)
<b>CREDITORS</b> (amounts falling due after more than one year)	13, 14	(108)	(63)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	-	(75)
<b>NET ASSETS / (LIABILITIES)</b>		<u>1,272</u>	<u>(1,118)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	-	-
Profit and loss account	18	<u>1,272</u>	<u>(1,118)</u>
<b>EQUITY SHAREHOLDER'S FUNDS</b>	19	<u>1,272</u>	<u>(1,118)</u>

The financial statements on pages 5 to 14 were approved by the board of directors on 26<sup>th</sup> July 2011 and were signed on its behalf by



S M HOWARD  
DIRECTOR

The notes on pages 7 to 14 form part of these financial statements

## **AA MEDIA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1 ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards as defined in the Companies Act 2006 s 464

The financial statements are prepared on a going concern basis. A summary of the accounting policies, which have been applied on a consistent basis with the prior year, is set out below

##### **Cash flow statement**

The Directors have taken advantage of the exemption available under FRS 1 (Cash flow statements) of the requirement to prepare a cash flow statement as a consolidated cash flow statement has been presented in the financial statements of the ultimate parent undertaking, Acromas Holdings Limited

##### **Turnover**

Turnover, which excludes value added tax, represents sales of goods and services. Revenue is recognised at point of delivery of goods or on provision of service

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended. The cost of fixed assets less their expected residual value is depreciated by equal instalments over their useful economic lives. These lives are as follows:

Equipment	3 - 5 years
Motor Vehicles	3 - 6 years

##### **Leases**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the assets' useful lives

The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

Amounts payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term



## **AA MEDIA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **1 ACCOUNTING POLICIES (continued)**

##### **Stock**

Stock is valued at the lower of cost or net realisable value

##### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date and gains and losses arising are taken to the profit and loss account.

##### **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.

##### **Provisions**

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.

Provisions for restructuring costs are recognised when the Company has a detailed formal plan for the restructuring that has been communicated to affected parties.

#### **2 TURNOVER**

The majority of turnover originates in the UK. Turnover by destination is not materially different from turnover by origin. Segmental analysis showing the analysis of turnover, results and net assets is not included since, in the opinion of the Directors, such an analysis would be seriously prejudicial to the business.

# AA MEDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3 PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
Operating profit is stated after charging		
Staff costs recharged	5,705	6,264
Depreciation of tangible fixed assets		
- Owned assets	220	207
- Under finance leases	134	129
Raw materials and consumables	249	246
Other external charges	15,533	14,290
Fees payable to the auditors		
- Audit of the financial statements	35	35
Operating lease rentals		
- Equipment and motor vehicles	332	374
Restructuring provision release	(12)	-
Exceptional items (see note 5)	-	6,787
	<u>22,196</u>	<u>28,332</u>

The Company's auditor provided no services to the company other than the annual audit during the period under review

Staff costs exclusively relate to those recharged from The Automobile Association Limited, a group company incorporated in Jersey

### 4 DIRECTORS' EMOLUMENTS

	2011	2010
Members of defined benefit pension scheme	<u>4</u>	<u>4</u>

S M Howard, A J P Strong and A K Boland are remunerated by Saga Group Limited, a fellow subsidiary of the ultimate parent undertaking, Acromas Holdings Limited R C A Miles is remunerated by Saga Publishing 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 (2010 £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 been recharged any amount for the emoluments of these Directors (2010 £nil).

### 5 EXCEPTIONAL ITEMS

	2011 £'000	2010 £'000
Write down of stock to net realisable value	-	6,787
Exceptional items	<u>-</u>	<u>6,787</u>

### 6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £'000	2010 £'000
Other interest receivable	<u>-</u>	<u>255</u>

# AA MEDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000	2010 £'000
Finance lease interest	33	-
Other interest payable	20	14
Interest payable	<u>53</u>	<u>14</u>

### 8 TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax charge/(credit) is made up as follows	2011 £'000	2010 £'000
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#### Current Tax

- Current tax charge/(credit) on income for the period	893	(597)
- Adjustments in respect of prior periods	45	-
<b>Total current tax charge/(credit)</b>	<u>938</u>	<u>(597)</u>

#### Deferred tax:

- Origination and reversal of timing differences	114	(458)
- Adjustments in respect of prior periods	128	-
- Effect of tax rate change	12	-
- <b>Total deferred tax charge/(credit)</b>	<u>254</u>	<u>(458)</u>
<b>Total tax charge/(credit) on ordinary activities</b>	<u>1,192</u>	<u>(1,055)</u>

The current tax charge represents payments for group losses

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

	2011 £'000	2010 £'000
Profit/(Loss) on ordinary activities before tax	<u>3,582</u>	<u>(2,173)</u>
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	1,003	(608)
Expenses not deductible for tax purposes	9	12
Capital allowances in excess of depreciation	(8)	2
Other short term timing differences	(111)	(3)
Adjustments to tax charge in respect of previous periods	45	-
<b>Total current tax charge/(credit)</b>	<u>938</u>	<u>(597)</u>

**AA MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9 TANGIBLE FIXED ASSETS**

	<b>Equipment and vehicles</b>
	<b>£'000</b>
<b>Cost</b>	
As at 1 February 2010	2,087
Additions	488
Inter-group transfers	18
Disposals	(60)
<b>As at 31 January 2011</b>	<b>2,533</b>
<b>Depreciation</b>	
As at 1 February 2010	1,444
Charge for the year	354
Inter-group transfers	-
Disposals	(48)
<b>As at 31 January 2011</b>	<b>1,751</b>
<b>Net book value</b>	
<b>As at 31 January 2011</b>	<b>782</b>
As at 1 February 2010	643

Equipment and vehicles include the following assets held under finance leases

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Cost	558	442
Accumulated depreciation	(314)	(210)
<b>Net book value</b>	<b>244</b>	<b>232</b>

**10 STOCK**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Work in progress	1,240	1,256
Finished goods and goods for resale	5,854	3,373
	<b>7,094</b>	<b>4,629</b>

**11 DEBTORS**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts receivable within one year</b>		
Trade debtors	7,185	6,199
Amounts owed by group undertakings	1,190	597
Other debtors	15	14
Prepayments and accrued income	250	203
	<b>8,640</b>	<b>7,013</b>
<b>Amounts receivable after more than one year</b>		
Deferred tax (see note 16)	204	458
	<b>8,844</b>	<b>7,471</b>

Amounts owed by group undertakings are unsecured, have no repayment terms and bear no interest

# AA MEDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12 CREDITORS (amounts falling due within one year)

	2011	2010
	£'000	£'000
Bank loans and overdrafts	1	1
Trade creditors	1	-
Amounts owed to group undertakings	8,722	9,492
Other taxes and social security	648	118
Other creditors	993	49
Accruals and deferred income	4,903	3,940
Obligations under finance leases and hire purchase contracts (see note 14)	72	123
	<u>15,340</u>	<u>13,723</u>

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

### 13 CREDITORS (amounts falling due after more than one year)

	2011	2010
	£'000	£'000
Obligations under finance leases and hire purchase contracts (see note 14)	<u>108</u>	<u>63</u>

### 14 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

	2011	2010
	£'000	£'000
Amounts due under finance leases and hire purchase contracts		
Amounts payable		
Within one year	72	123
In two to five years	108	63
	<u>180</u>	<u>186</u>

### 15 PROVISIONS FOR LIABILITIES AND CHARGES

	Restructuring
	£'000
At 1 February 2010	75
Release in the year	-
Utilised in the period	(75)
At 31 January 2011	<u>-</u>

The restructuring provision related to a reorganisation of the signs business and has been fully utilised

# AA MEDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 16 DEFERRED TAXATION

Deferred tax assets comprise:

	2011 £'000	2010 £'000
Timing differences on:		
Decelerated capital allowances	(126)	(264)
Other short term timing differences	(78)	(194)
Deferred tax (note 11)	<u>(204)</u>	<u>(458)</u>

	£'000
Deferred tax asset at 1 February 2010	(458)
(Charge) to the profit and loss account	254
Deferred tax asset at 31 January 2011	<u>(204)</u>

### 17 CALLED UP SHARE CAPITAL

	2011 £	2010 £
Ordinary shares of £1 each		
Allotted, called up and fully paid	<u>4</u>	<u>4</u>

### 18 PROFIT AND LOSS ACCOUNT

	2011 £'000	2010 £'000
Opening balance	(1,118)	-
Profit/(Loss) for the financial year	<u>2,390</u>	<u>(1,118)</u>
Closing balance	<u>1,272</u>	<u>(1,118)</u>

# AA MEDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 19 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2011	2010
	£'000	£'000
Profit/(Loss) for the financial year	2,390	(1,118)
Opening shareholder's funds	(1,118)	-
Closing shareholder's funds	<u>1,272</u>	<u>(1,118)</u>

### 20 GUARANTEES AND COMMITMENTS

#### Guarantees

The Company, along with certain of its fellow subsidiaries, acts as obligor on bank loans made to Acromas Mid Co Limited. At the balance sheet date the principal, accrued interest, guarantees and other facilities outstanding on these bank loans was £5,034.7 million (2010 £5,176.9 million).

#### Operating leases

Annual commitments under non-cancellable operating leases are as follows

	Other 2011	Other 2010
	£'000	£'000
Operating leases which expire		
Within one year	95	41
In two to five years	29	101
	<u>124</u>	<u>142</u>

### 21 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption within FRS 8 (Related party disclosures) in not disclosing transactions with other entities in the Acromas group of companies. There are no other related party transactions.

### 22 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.

### 23 ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary of AA Corporation 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 Enbrook Park, Folkestone, Kent, CT20 3SE.

Copies of the financial statements of Acromas Holdings Limited are available from the Company Secretary at this address.