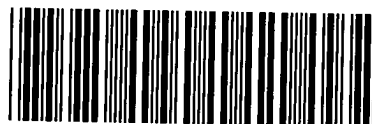


**ACROMAS BID CO LIMITED**

**STRATEGIC REPORT, DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS**

**31 JANUARY 2014**

THURSDAY



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COMPANIES HOUSE

**ACROMAS BID CO LIMITED**  
**Company Information**

Directors: J A Goodsell  
S M Howard

Secretary: V Haynes (appointed 31 July 2013)  
A P Stringer (resigned 31 July 2013)

Registered Office: Enbrook Park, Folkestone, Kent, CT20 3SE

Company Registration no: 6252535

**ACROMAS BID CO LIMITED**  
**Strategic report**

**Principal activity and review of business developments**

The Company's principal activity is to act as an intermediate holding company.

The Directors believe that analysis using KPI's for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business.

**Results and dividends**

The profit for the year before taxation amounts to £2,608,739,000 (2013 - £37,697,000). After taxation, a profit of £2,604,866,000 (2013 - £28,525,000) has been taken to reserves. No dividends have been paid in the year (2013 - £nil). Dividends received in the year amount to £2,592,015,000 (2013 - £nil).

**Principal Risks and Uncertainties**

The Company follows a structured, proactive risk identification and assessment process that involves all of its Directors and which is updated on an ongoing basis.

The principal risks facing the company as a result of its role within the Acromas Group have been grouped under the following two headings:

1. Credit Risk

The Group is required to comply with the provisions of its loan agreements. The Group has put in place corporate governance procedures and financial controls to ensure that these are complied with and has taken out interest rate hedges in line with its policy on managing interest rate risk.

2. Liquidity Risk

The Group pays a significant proportion of the cash it generates to its lenders in line with the provisions of its loan agreements. The Group produces rolling three month cash flow forecasts each week and monitors these closely to ensure that the Group is generating sufficient free cash flow to make these payments as they fall due.

**Subsequent events and future developments**

The Company will continue to act as an intermediate holding company.

By order of the Board



V Haynes  
Secretary

22 October 2014

## **ACROMAS BID CO LIMITED**

### **Directors' report**

The Directors submit their report together with the Strategic report and the audited profit and loss account, balance sheet and notes to the financial statements for the year ended 31 January 2014.

#### **Statement of directors' responsibilities**

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under the 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 laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

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

It is the Group's policy to maintain indemnity insurance for Directors and officers.

#### **Disclosure of information to the 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 the 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.

**ACROMAS BID CO LIMITED**  
**Directors' report (continued)**

**Post balance sheet events**

On 29 May 2014, Saga plc, an immediate subsidiary undertaking, was admitted to the London Stock Exchange.

On 26 June 2014, AA plc, an immediate subsidiary undertaking, was admitted to the London Stock Exchange and on the same date, the Company sold its entire investment in AA plc.

**Auditors**

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

By order of the Board



V Haynes  
Secretary  
~~22~~ October 2014

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACROMAS BID CO LIMITED**

We have audited the financial statements of Acromas Bid Co Limited for the year ended 31 January 2014 which comprise the Profit and Loss Account, the Reconciliation of movements in Shareholders' Funds, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities as set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, Directors' Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2014 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 Strategic Report and 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.



Benjamin Gregory (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

24 October 2014

**ACROMAS BID CO LIMITED****Profit and loss account for the year ended 31 January 2014**

	Note	2014 £'000	2013 £'000
Other operating income	2	16,724	37,697
Operating profit		16,724	37,697
Income from shares in group undertakings		2,592,015	-
<b>Profit on ordinary activities before taxation</b>	3	2,608,739	37,697
Taxation	6	(3,873)	(9,172)
<b>Retained profit for the year</b>	12	<u>2,604,866</u>	<u>28,525</u>

All income and expenditure arises from continuing operations.

There were no recognised gains or losses other than the profit for the year.

<b>Reconciliation of movements in shareholders' funds</b>	2014 £'000	2013 £'000
Total recognised gains and losses relating to the year	2,604,866	28,525
Net movement in shareholders' funds	2,604,866	28,525
Shareholders' funds brought forward	110,500	81,975
Shareholders' funds carried forward	<u>2,715,366</u>	<u>110,500</u>

Notes 1 to 17 form an integral part of these financial statements.

**ACROMAS BID CO LIMITED**  
**Balance sheet as at 31 January 2014**

	Note	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Investment in subsidiaries	7	3,840,740	3,860,565
Other investments	8	<u>-</u>	<u>265,491</u>
		3,840,740	4,126,056
<b>Current assets</b>			
Debtors	9	1,214,899	2,975,749
<b>Creditors - amounts falling due in less than one year</b>	10	<u>(2,340,273)</u>	<u>(6,991,305)</u>
<b>Net current liabilities</b>		<u>(1,125,374)</u>	<u>(4,015,556)</u>
<b>Net assets</b>		<u>2,715,366</u>	<u>110,500</u>
<b>Capital and reserves</b>			
Called up share capital	11	910	910
Profit and loss account	12	<u>2,714,456</u>	<u>109,590</u>
<b>Shareholders' funds</b>		<u>2,715,366</u>	<u>110,500</u>

Signed for and on behalf of the Board by



S M Howard  
Director  
22 October 2014

Notes 1 to 17 form an integral part of these financial statements.



**ACROMAS BID CO LIMITED**  
**Notes to the financial statements**

**1 Accounting policies**

**a Accounting convention**

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 Company has taken advantage of the exemption under the Companies Act 2006 s.400 not to prepare and deliver group financial statements as it is a wholly owned subsidiary of the ultimate parent company Acromas Holdings Limited. As such, these financial statements show only the results of the individual Company and not the group.

Investments in subsidiaries are accounted for at the lower of cost and net realisable value and reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**b Deferred 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 have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that the Directors consider it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

**c 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.

**d Other operating income**

Revenue is recognised as interest accrues arising on coordinated preference certificates.

**e Income from shares in group undertakings**

Interim dividend revenue is recognised when paid, and final dividends are recognised when approved.

**2 Other operating income**

	2014	2013
	£'000	£'000
Interest on subordinated preference certificates	<u>16,724</u>	<u>37,697</u>

Subordinated Preference Certificates were acquired on 18 September 2007 from AA Mid Co Limited (formerly AA SPC Co Limited), a fellow group undertaking. These were repaid in July 2013.

**ACROMAS BID CO LIMITED****Notes to the financial statements (continued)****3 Operating profit**

	2014	2013
	£'000	£'000
Operating profit is stated after charging:		
Auditors' remuneration - audit of financial statements	<u>22</u>	<u>20</u>

Any fees paid to the Company's auditor, Ernst & Young LLP, for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated financial statements of the ultimate parent undertaking, Acromas Holdings Limited, are required to disclose non-audit fees on a consolidated basis. The fees for the audit of the Company have been borne by Saga Group Limited, a fellow group undertaking.

**4 Staff costs**

The Company does not employ any staff.

**5 Directors remuneration**

J A Goodsell and S M Howard are also Directors of Acromas Holdings Limited and various fellow subsidiaries, and received total remuneration for the year of £2,426,000 (2013 - £2,430,000) which was paid by Saga Group Limited, a fellow group undertaking. Neither of these Directors received any remuneration during the current or comparative years in respect of their services as Directors of the Company, and it would not be practicable to apportion their remuneration between their services as Directors of the Company, their services as Directors of Acromas Holdings Limited and their services as Directors of any fellow subsidiaries.

**6 Taxation**

	2014	2013
	£'000	£'000
UK corporation tax at 23.16% (2013 – 24.33%)	<u>3,873</u>	<u>9,172</u>
Current tax	<u>3,873</u>	<u>9,172</u>
Reconciliation of Current Tax Charge:-		
	2014	2013
	£'000	£'000
Pre-tax profit at 23.16% (2013 – 24.33%)	<u>3,873</u>	<u>9,172</u>
Current tax charge for the year	<u>3,873</u>	<u>9,172</u>

The corporation tax charge in the current year is entirely made up of payments to other group companies for group relief.

There are no circumstances foreseen that are expected to materially impact future tax charges.

**ACROMAS BID CO LIMITED****Notes to the financial statements (continued)****7 Investment in subsidiary undertakings**

	2014	2013
Cost	£'000	£'000
At start of year	3,860,565	3,592,332
Additions	175	268,233
Disposals	<u>(20,000)</u>	<u>-</u>
At 31 January	<u>3,840,740</u>	<u>3,860,565</u>

On 2 July 2012 the Company invested £20,000,000 to capitalise a new company, Automobile Association Insurance Company Limited. In May 2013 there was a capital reduction of £20,000,000 relating to the disinvestment in the company from July 2012. This investment was included within additions for the prior year and disposals for the current year.

On 11 September 2012 the Company acquired Nestor Healthcare Group Limited and Allied Healthcare Group Holdings Limited from Saga Group Limited, a fellow group undertaking of the ultimate parent undertaking, Acromas Holdings Limited. The two acquisitions were made at the companies' book value recorded in the books of Saga Group Limited of £134,199,000 and £113,971,000 respectively, and are recorded within the prior year additions shown above.

Remaining additions in the prior year of £63,000 relate to sundry legal and professional costs from acquisitions in prior years.

The additions in year ending 31 January 2014 relate to an additional investment in AA Limited.

**ACROMAS BID CO LIMITED****Notes to the financial statements (continued)****7 Investment in subsidiary undertakings (continued)**

The main operating subsidiary undertakings of Acromas Bid Co Limited, all of which are wholly owned except where stated, are listed below. All of the principal subsidiary undertakings of Acromas Bid Co Limited are indirectly held by the Company, with the exception of Acromas Insurance Company Limited, Nestor Healthcare Group Limited and Allied Healthcare Group Holdings Limited, which are directly held.

<b>Company</b>	<b>Country of registration</b>	<b>Nature of business</b>
<b><u>Subsidiary undertakings</u></b>		
Saga Group Limited	England	Holding company
Acromas Holidays Limited	England	Tour Operating
Acromas Shipping Limited	England	Cruising
Saga Services Limited	England	Financial services
Direct Choice Insurance Services Limited	England	Insurance services
Acromas Insurance Company Limited	Gibraltar	Insurance underwriting
CHMC Limited	England	Motor accident management
Saga Publishing Limited	England	Publishing
Acromas Financial Services Limited	England	Regulated investment products
Nestor Healthcare Group Limited	England	Holding company
Nestor Primecare Services Limited	England	Primary and social care
Allied Healthcare International LLC	USA	Holding company
Allied Healthcare Group Limited	England	Primary and social care
AA Limited *	England	Holding company
AA Corporation Limited *	England	Holding company
The Automobile Association Limited *	Jersey	Roadside services
Automobile Association Developments Limited *	England	Roadside & other services
Automobile Association Underwriting Services Limited *	England	Roadside & insurance services
AA Ireland Limited *	Ireland	Roadside & insurance services
Automobile Association Insurance Services Limited *	England	Roadside & insurance services
DriveTech (UK) Limited *	England	Driving Services
Acromas Reinsurance Company Limited *	Guernsey	Insurance services

Post the year end, on 26 June 2014, the Company sold its entire investment in the AA group (see note 17). Further to this disposal, all undertakings denoted with a \* above ceased to be operating subsidiary undertakings of Acromas Bid Co Limited.

# ACROMAS BID CO LIMITED

## Notes to the financial statements (continued)

### 7 Investment in subsidiary undertakings (continued)

Company	Country of registration	Nature of business
<b><u>Associates (20% interest held)</u></b>	(i)	
ARC Europe S.A.	Belgium	Roadside services
<b><u>Associates (22% interest held)</u></b>	(i)	
A.C.T.A. Assistance S.A.	France	Roadside services
A.C.T.A. Assurance S.A.	France	Roadside & insurance services
A.C.T.A. S.A.	France	Roadside services

- (i) The Group holds these associate undertakings directly with the exception of A.C.T.A. S.A. and A.C.T.A. Assurance S.A., which are both subsidiaries of A.C.T.A. Assistance S.A. There is no difference between percentage holding and percentage voting rights in ordinary shares.

### 8 Other investments

	2014	2013
	£'000	£'000
Subordinated Preference Certificates	-	265,491

Subordinated Preference Certificates were acquired on 18 September 2007 from AA Mid Co Limited (formerly AA SPC Co Limited), a fellow group undertaking. These were repaid in July 2013.

### 9 Debtors

	2014	2013
	£'000	£'000
Amounts due from group undertakings	1,214,898	2,975,748
Other debtors	1	1
	<u>1,214,899</u>	<u>2,975,749</u>

All amounts above are due in less than one year.

**ACROMAS BID CO LIMITED****Notes to the financial statements (continued)**

<b>10</b>	<b>Creditors - amounts falling due in less than one year</b>	<b>2014</b>	<b>2013</b>
		<b>£'000</b>	<b>£'000</b>
	Amounts owed to group undertakings	2,340,145	6,982,005
	Corporation tax	-	9,172
	Other creditors	128	128
		<u>2,340,273</u>	<u>6,991,305</u>

<b>11</b>	<b>Called up share capital</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	<b>Allotted, called up and fully paid</b>		
	91,000,100 ordinary shares of £0.01 each	<u>910,001</u>	<u>910,001</u>

<b>12</b>	<b>Profit and loss account</b>	<b>2014</b>	<b>2013</b>
		<b>£'000</b>	<b>£'000</b>
	At 1 February	109,590	81,065
	Retained profit for the year	2,604,866	28,525
	At 31 January	<u>2,714,456</u>	<u>109,590</u>

**13 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.

**14 Ultimate parent undertaking**

The immediate parent undertaking is Acromas Mid Co Limited, a company which is registered in England. The financial statements of the Company have been consolidated in the group financial statements of Acromas Holdings Limited, the ultimate parent undertaking, a company which is registered in England and Wales.

## **ACROMAS BID CO LIMITED**

### **Notes to the financial statements (continued)**

#### **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. At the balance sheet date the principal, accrued interest, guarantees and other facilities outstanding on these bank loans was £1,295.8 million (2013 - £5,132.1 million).

On 2 July 2013, the Group repaid a significant part of the bank loans held by Acromas Mid Co Limited. The Company continued to act as Obligor on the bank loans entered into by Acromas Mid Co Limited but following the repayment, the principal, accrued interest, guarantees and other facilities outstanding on these bank loans was reduced to £1,613.8 million.

Post the balance sheet date, on 25 April 2014, the Group repaid the remaining bank loans held by Acromas Mid Co Limited, and the Company's obligations in respect of these bank loans were extinguished.

#### **16 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.

#### **17 Post balance sheet events**

On 29 May 2014, Saga plc, an immediate subsidiary undertaking and parent undertaking for the Saga group, was admitted to the London Stock Exchange. The Company did not sell any of its shareholding in the process but the new issue diluted the Company's shareholding to 72.9%.

On 26 June 2014, AA plc, an immediate subsidiary undertaking and parent undertaking for the AA group, was admitted to the London Stock Exchange. On the same date, the Company sold its entire investment in AA plc receiving net proceeds of approximately £1,140.0 million after costs, and realising a loss of approximately £375.0 million.