

**ACROMAS MID CO LIMITED**  
**(FORMERLY SPRING & ALPHA MIDCO LIMITED)**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 JANUARY 2008**

**Company Registration Number: 6252749**

WEDNESDAY



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**ACROMAS MID CO LIMITED**  
**(FORMERLY SPRING & ALPHA MIDCO LIMITED)**  
**Directors' report**

Directors	J A Goodsell	(appointed 17 September 2007)
	J S E Arnell	(appointed 12 September 2007)
		(resigned 1 March 2008)
	R P Hooper	(appointed 13 June 2007)
		(resigned 1 March 2008)
	S M Howard	(appointed 17 September 2007)
	R Lucas	(appointed 12 September 2007)
		(resigned 1 March 2008)
	P Meulder	(appointed 12 September 2007)
		(resigned 1 March 2008)
	M Offord	(appointed 13 June 2007)
		(resigned 1 March 2008)
	C N C Sherwood	(appointed 19 June 2007)
		(resigned 1 March 2008)

Secretary                      J Davies                      (appointed 17 September 2007)

Registered Office            The Saga Building, Enbrook Park, Folkestone Kent. CT20 3SE

The Directors submit their report together with the audited financial statements for the period ended 31 January 2008.

**Results and dividends**

The loss for the period before taxation amounts to £185,829,000. After taxation, a loss of £134,549,000 has been taken to reserves. No dividends have been paid in the period.

**Principal activity and review of business developments**

The Company's principal activity was to provide senior secured debt finance to the rest of the Acromas Group.

The Company was incorporated 18 May 2007.

On 13 June 2007 the Company changed its name from Skipperbrook Limited to Spring & Alpha Midco Limited.

On 22 June 2007, all of the issued share capital of the Company was acquired by Acromas SPC Co Limited (formerly Spring & Alpha SPC Co Limited). The consideration for the transaction was £6

On 18 September 2007, a further 91,000,000 ordinary shares of £0.01 each were issued to Acromas SPC Co Limited (formerly Spring & Alpha SPC Co Limited). The consideration for the transaction was £910,000.

On 18 September 2007 the Company changed its name from Spring & Alpha Midco Limited to Acromas Mid Co Limited.

**ACROMAS MID CO LIMITED**  
**(FORMERLY SPRING & ALPHA MIDCO LIMITED)**  
**Directors' report continued**

**Directors**

The Directors of the Company during the period ended 31 January 2008 were those listed above and A Levy and D J Pudge who were both appointed on 18 May 2007 when the Company was incorporated, and both resigned on 13 June 2007, and I Sellars who was appointed on 13 June 2007 and resigned on 20 June 2007

**Subsequent events and future developments**

The Company will act as an intermediate holding company

**Statement of directors' responsibilities**

The Directors are required by law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for the period

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 Directors confirm that the accounting policies are appropriate to the Company's business and have been applied consistently In preparing the financial statements for the period, the Directors have made reasonable and prudent judgements, have ensured that applicable accounting standards have been followed, and confirm that it is appropriate to prepare the financial statements on a going concern basis

The Directors are responsible for keeping proper accounting records which 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.

**ACROMAS MID CO LIMITED**  
**(FORMERLY SPRING & ALPHA MIDCO LIMITED)**  
**Directors' report continued**

**Disclosure of information to the auditors**

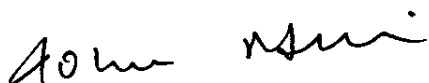
Each current Director has made enquiries of their fellow directors and the Company's auditor and taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Relevant audit information is that information needed by the auditor in connection with preparing 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

**Auditors**

Ernst & Young LLP have expressed their willingness to act as auditors and a resolution proposing their appointment will be submitted at the Annual General Meeting

By order of the Board



J Davies  
Secretary  
4 July 2008

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ACROMAS MID CO LIMITED (FORMERLY SPRING & ALPHA MIDCO LIMITED)**

We have audited the Company's financial statements for the period ended 31 January 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Shareholders' Funds, the Balance Sheet and the related notes 1 to 16. 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

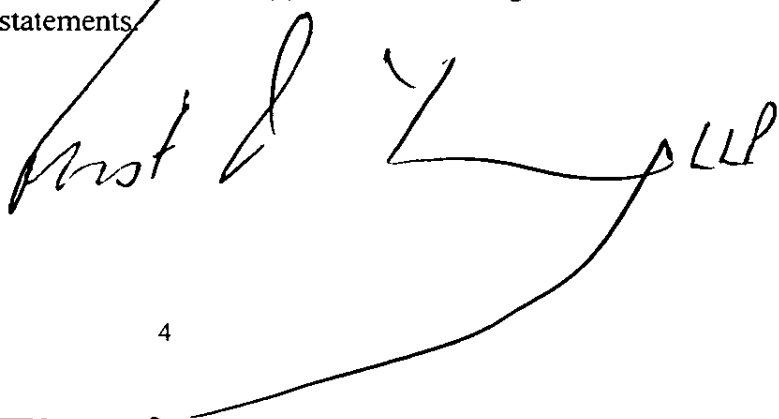
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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:- (a) 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 as at 31 January 2008 and of its loss for the period then ended, (b) the financial statements have been properly prepared in accordance with the Companies Act 1985, and (c) the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP  
Registered Auditor  
London

7 July 2008

A large, stylized handwritten signature in black ink, appearing to read 'Ernst & Young LLP', is written across the bottom right of the page. The signature is fluid and cursive, with the 'LLP' part being more distinct.

**ACROMAS MID CO LIMITED**  
**(FORMERLY SPRING & ALPHA MIDCO LIMITED)**  
**Profit and loss account for the eight months ended 31 January 2008**

	Note	2008 £'000
<b>Operating loss</b>	2	-
Interest payable and similar charges	3	(185,829)
<b>Loss on ordinary activities before taxation</b>		(185,829)
Taxation	6	51,280
<b>Retained loss for the period</b>	12	<u>(134,549)</u>

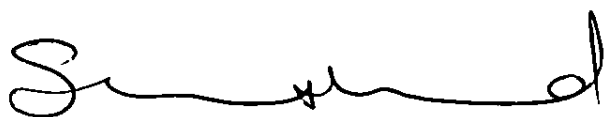
There were no recognised gains or losses other than the loss for the period

<b>Reconciliation of shareholders' deficit</b>	2008 £'000
Total recognised gains and losses relating to the period	(134,549)
Issue of ordinary share capital	910
Net movement in shareholders' deficit	<u>(133,639)</u>
Shareholders' deficit brought forward	-
Shareholders' deficit carried forward	<u>(133,639)</u>

**ACROMAS MID CO LIMITED**  
**(FORMERLY SPRING & ALPHA MIDCO LIMITED)**  
**Balance sheet as at 31 January 2008**

	Note	2008 £'000
<b>Fixed assets</b>		
Investment in subsidiaries	7	<u>910</u>
		910
<b>Current assets</b>		
Debtors	8	6,004,741
<b>Creditors - amounts falling due in less than one year</b>	9	<u>(1,358,059)</u>
<b>Net current liabilities</b>		<u>4,646,682</u>
<b>Total assets less current liabilities</b>		4,647,592
<b>Creditors - amounts falling due after more than one year</b>	10	<u>(4,781,231)</u>
<b>Net liabilities</b>		<u>(133,639)</u>
<b>Capital and reserves</b>		
Called up share capital	11	910
Profit and loss account	12	<u>(134,549)</u>
<b>Total shareholders' deficit</b>		<u>(133,639)</u>

Signed for and on behalf of the Board by



S M Howard  
Director  
4 July 2008

**ACROMAS MID CO LIMITED**  
**(FORMERLY SPRING & ALPHA MIDCO 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 Companies Act 1985 s 256

The Company has taken advantage of the exemption under section 228 of the Companies Act 1985 not to prepare and deliver group financial statements as it is a wholly owned subsidiary of the ultimate parent company Acromas Holdings Limited (formerly Spring & Alpha Topco 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

**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 periods 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 (formerly Spring & Alpha Topco Limited)

**d Debt instruments**

Debt is initially stated in the balance sheet at the amount of the cash proceeds raised less finance costs incurred directly in connection with the issue of the instrument. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period. Finance costs of debt are recognised in the profit and loss account over the term of capital instruments at a constant rate on the carrying amount



**ACROMAS MID CO LIMITED**  
**(FORMERLY SPRING & ALPHA MIDCO LIMITED)**  
**Notes to the financial statements continued**

**2 Operating loss**

	2008
Operating loss is stated after charging	£'000
Fees for the audit of the Company	<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 (formerly Spring & Alpha Topco Limited), are required to disclose non-audit fees on a consolidated basis

**3 Interest payable and similar charges**

	2008
	£'000
Bank loan interest	<u>185,829</u>
	<u>185,829</u>

**4 Staff costs**

The Company does not employ any staff

**5 Directors emoluments**

J A Goodsell and S M Howard are remunerated by Saga Group Limited, a fellow subsidiary of the ultimate holding company, Acromas Holdings Limited. The emoluments of these Directors are not recharged to the Company and neither of these Directors received any emoluments during the year in respect of their services as a Director of the Company (2007 £nil)

J S E Arnell, R P Hooper, R Lucas, P Meulder, M Offord and C N C Sherwood did not receive any emoluments during the year in respect of their services as Directors of the Company

**ACROMAS MID CO LIMITED**  
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**Notes to the financial statements continued**

<b>6</b>	<b>Taxation</b>	2008 £'000
	UK corporation tax at 30% – current tax	<u>(51,280)</u>
	Reconciliation of Current Tax Charge -	2008 £'000
	Pre-tax loss at 30%	(55,749)
	Unrelieved trading losses	969
	Reduction in receipts for group relief	<u>3,500</u>
		<u>(51,280)</u>

The tax credit for the current period is entirely made up of receipts from other group companies for group relief

A deferred tax asset of £904,000 has not been recognised in these financial statements as, on the basis of the evidence currently available, there will not be sufficient taxable profits in the future against which the deferred tax asset would be offset

The UK corporation tax rates have decreased from 30% to 28% from 1 April 2008. This rate change will affect the amount of future tax receipts by company for group losses surrendered

Other than this, there are no circumstances foreseen that are expected to materially impact future tax charges

**ACROMAS MID CO LIMITED**  
**(FORMERLY SPRING & ALPHA MIDCO LIMITED)**

**Notes to the financial statements continued**

**7 Investment in subsidiary undertakings**

	2008
<b>Cost</b>	£'000
Additions	910
At 31 January	910

The main operating subsidiary undertakings of Acromas Mid Co Limited (formerly Spring & Alpha Midco Limited), all of which whose ordinary shares are wholly owned except where stated, are listed below

All of the principal subsidiary undertakings of Acromas Mid Co Limited (formerly Spring & Alpha Midco Limited) are indirectly held by the company, with the exception of Acromas Bid Co Limited (formerly Spring & Alpha Bidco Limited) which is directly held

<b>Company</b>	<b>Country of registration</b>	<b>Nature of business</b>
<b><u>Subsidiary undertakings</u></b>		
Acromas Bid Co Limited (formerly Spring & Alpha Bidco Limited)	England	Holding company
Saga Group Limited	England	Holding company
Saga Holidays Limited	England	Tour operating
Saga Shipping Company Limited	England	Cruising
Saga Services Limited	England	Financial services
Saga Insurance Company Limited	Gibraltar	Insurance underwriting
AA SPC Co Limited	England	Holding company
AA Junior Mezzanine Co Limited	England	Holding company
AA Acquisition Co Limited	England	Holding company
AA Senior Co 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
A A Reinsurance Company (Guernsey) Limited	Guernsey	Insurance services
Taylor Price Insurance Services Limited	England	Insurance services
Premium Funding Limited	England	Insurance
Saga 200 Limited	England	Holding company
Saga 300 Limited	England	Holding company
Saga 400 Limited	England	Holding company
Saga Limited	England	Holding company

**ACROMAS MID CO LIMITED**  
**(FORMERLY SPRING & ALPHA MIDCO LIMITED)**  
**Notes to the financial statements continued**

**7 Investment in subsidiary undertakings (continued)**

<b>Company</b>	<b>Country of registration</b>	<b>Nature of business</b>
<b><u>Joint Venture (50% interest held)</u></b>		
Automobile Association Personal Finance Limited	England	Personal Finance
<b><u>Joint Arrangement not an Entity</u></b>		
AA Financial Services	(a)	Personal Finance
<b><u>Associates (20% interest held)</u></b>		
ARC Transistance S A	Belgium	Roadside services
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

(a) AA Financial Services is an unincorporated joint venture whose principal place of business is Capital House, Queen's Park Road, Hardbridge, Chester, CU88 3AN

**ACROMAS MID CO LIMITED**  
**(FORMERLY SPRING & ALPHA MIDCO LIMITED)**  
**Notes to the financial statements continued**

<b>8</b>	<b>Debtors</b>	2008
		£'000
	Amounts due from group undertakings	6 004,741
		<u>6,004,741</u>

<b>9</b>	<b>Creditors - amounts falling due in less than one year</b>	2008
		£'000
	Amount owed to group undertakings	1.344,075
	Accruals	13,984
		<u>1.358.059</u>

<b>10</b>	<b>Creditors - amounts falling due after more than one year</b>	2008
		£'000
	Bank loans – senior	4.108,287
	Bank loans – mezzanine	672.944
		<u>4,781.231</u>

The bank loans fall due for repayment	2008
	£'000
In more than five years	<u>4,829.588</u>
	4,829.588
Less Deferred issue costs	<u>(48,357)</u>
	<u>4,781.231</u>

Interest rates on bank loans were on a variable basis linked to LIBOR. The bank loan facilities were secured by a floating charge over the Company's and group's assets.

The bank loans falling due after more than five years are repayable as follows.

	2008
	£'000
30 September 2015	1,750,000
30 September 2016	1,750,000
31 March 2017	650,000
30 September 2017	679,588
	<u>4.829.588</u>

**ACROMAS MID CO LIMITED**  
**(FORMERLY SPRING & ALPHA MIDCO LIMITED)**

**Notes to the financial statements continued**

**11 Called up share capital** 2008  
£

**Authorised**

100,000,000 ordinary shares of £0 01 each 1,000,000

**Allotted and fully paid in period**

91,000,600 ordinary shares of £0 01 each 910,006

On 18 September 2007 the Company's share capital was subdivided, such that each existing £1 00 ordinary share became 100 ordinary shares of £0 01 each

**12 Profit and loss account**

2008

£'000

Retained loss for the period (134,549)

At 31 January (134,549)

**13 Contingent liabilities**

At 31 January 2008 there were contingent liabilities under counter indemnities given in the normal course of trade to the Company's bankers in respect of financial bonds and other guarantees amounting to £87,600,000

**14 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

**15 Ultimate parent undertaking**

The immediate parent undertaking is Acromas SPC Co Limited (formerly Spring & Alpha SPC 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 (formerly Spring & Alpha Topco Limited), the ultimate parent undertaking, a company which is registered in England

**16 Ultimate controlling party**

The Directors consider the ultimate controlling party to be funds managed by Charterhouse General Partners, CVC Capital Partners and Permira acting in concert