

AA CORPORATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2025

Registered number: 03797747

AA CORPORATION LIMITED
FOR THE YEAR ENDED 31 JANUARY 2025
STRATEGIC REPORT

The Directors present their annual report and audited financial statements of AA Corporation Limited ("the Company") for the year ended 31 January 2025.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company is a wholly owned subsidiary of AA Senior Co Limited.

The principal activity of the Company is the management of support activities on behalf of the AA Limited ("the Group"). These costs are subsequently recharged back to trading subsidiaries within the Group.

The key performance indicator of the Company is operating expenses.

The Company remains in a robust position to continue to perform its primary activity and management have assessed that this will continue to be the case.

As shown in the Company's income statement, the Company's revenue increased by 7% to £135m (2024: £126m) during the current year due to higher administrative (operating) expenses resulting in a higher recharge of costs. Profit before taxation of the Company for the year was £208m (2024: £209m) following the receipt of £211m (2024: £224m) of dividends from subsidiary undertakings.

The statement of financial position shows the Company's financial position at year end. Net assets increased to £2,280m (2024: £2,214m).

On 29 October 2024, the Company acquired the remaining 51% of voting equity interest in AA Media Limited ("AA Media") for cash consideration of £5m to establish AA Media as a 100% owned subsidiary. See Note 12 for details. AA Media is a publisher which rates hotels, restaurants and attractions across the UK. The acquisition enables The AA to explore opportunities to promote The AA brand and the chance for AA Media's offerings to play a part in the broader AA membership proposition.

The Directors are satisfied with the performance of the Company in the year. There are currently no plans to alter the principal activities of the Company going forward and the Company expects to continue to provide support activities on behalf the Group.

The Directors have had regard to the matters set out in section 172(1) (a) to (f) when performing their duty under section 172 of the Companies Act 2006. For details of how this is accomplished across the AA Limited group, refer to pages 38-40 of the AA Limited's Annual Report and Accounts 2025, with whom the Company shares common directorship and management structure.

RISK MANAGEMENT FRAMEWORK

Overall Responsibility

The Board of AA Limited is responsible for determining the level of risk that The AA is prepared to take, or that it is willing to accept, to achieve its strategic objectives. The levels of risk are articulated through a series of risk appetite statements, and we monitor performance of the business relative to risk appetite through our risk governance framework. Further information about the corporate governance arrangements for The AA is set out in the Director's report on pages 44 to 45 of The AA Limited Annual Report and Accounts 2025.

Risk Governance

The AA operates a three lines of defence model to ensure that its risks and opportunities are identified, assessed, monitored and managed in line with its agreed risk appetite.

The three lines of defence model at The AA operates as follows:

- First line of defence: the business units and support functions who are accountable for the day-to-day management of The AA, which includes identifying and managing their risks;
- Second line of defence: The AA's Group Risk and Compliance function, which is independent from operational management, and accountable for providing advisory support, oversight, and challenge to the first line of defence; and Third line of defence:
- The AA's Internal Audit function, which is accountable for providing independent assurance to the Board by performing ongoing reviews of the first and second lines of defence, as agreed with the Board Audit & Risk Committee of AA Limited.

AA CORPORATION LIMITED
FOR THE YEAR ENDED 31 JANUARY 2025
STRATEGIC REPORT (continued)

RISK MANAGEMENT FRAMEWORK (continued)

Risk Governance (continued)

The operation of the risk management framework is overseen by Committees established at Board and Group Executive Committee level. Further details can be found on page 21 of The AA Limited Annual Report and Accounts 2025.

Risk management framework

The AA's risk management framework aims to ensure that key risks are:

- defined consistently;
- made visible;
- discussed and understood;
- owned and appropriate action taken to manage;
- used to identify opportunities; and
- regularly reviewed to ensure we learn from our risk-taking.

The risk management framework operated by the AA Group is comprised of the five pillars set out below.

Risk culture and governance	The processes and structures in place to demonstrate to the AA Limited Board that effective risk management, oversight and assurance is in place for all key risks faced by The AA.
Strategy and objectives	The process to ensure that risk assessment is an integral consideration in strategy and objective-setting, including the direction the AA Limited Board sets for taking, avoiding and considering opportunity from risk.
Risk identification and prioritisation	The process of recognising potential risks or uncertainties, evaluating their likelihood and impact, and prioritising them based on severity, urgency or impact.
Risk management and controls	A set of processes to review and assess the effectiveness of the risk and control environment. Our risk mitigation strategy is based on addressing high priority risks first.
Risk reporting and communication	The information and reporting in place to inform risk-based decision-making, and to support senior management and the Board in discharging their risk management oversight accountabilities effectively.

Principal Risks and Opportunities

The principal risks and uncertainties facing the Company are considered to be:

Financial risk

The Company is an obligor of the financial indebtedness of the AA Intermediate Co Limited group which ringfences its debt within a whole business securitisation (WBS) structure. The AA Limited group's senior management oversees the management of financial risks, supported by the Group Treasury function.

Potential impact

AA Intermediate Co Limited is a parent undertaking of the Company and part of the AA Limited group. The viability and financial success of the Company is therefore tied to the viability and financial success of the AA Intermediate Co Limited group.

Mitigation

The Group Treasury function ensures that the Group's financial risks are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

AA CORPORATION LIMITED
FOR THE YEAR ENDED 31 JANUARY 2025
STRATEGIC REPORT (continued)

RISK MANAGEMENT FRAMEWORK (continued)

Principal Risks and Opportunities (continued)

Intercompany credit risk

The Company is exposed to credit risk in relation to the intercompany balance due from a fellow subsidiary undertaking.

Potential impact

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Mitigation

The AA Limited group monitors the recoverability of intercompany balances to ensure that there are sufficient resources to meet each counterparty's obligation.

Pension liabilities

During the 2017 financial year and following the sale of the Irish business by the AA Limited group, the Company became the sponsor of the AA Ireland Pension Scheme.

Potential impact

This is a defined benefit pension scheme, which is currently in surplus, whose assets and obligations are subject to future variation from investment returns, longevity and other similar factors.

Mitigation

Investment objectives and risk limits are implemented through the investment management agreement in place with the scheme's investment manager and monitored by the trustees of the scheme through regular reviews of the investment portfolio. In addition, under guidance from their investment adviser, the trustees of the scheme monitor estimates of key risks on an ongoing basis.

The financial statements on pages 11 to 33 were approved by the board of Directors and signed on its behalf by:


Michael Wing

DIRECTOR

21 May 2025

Registered Office: Level 3, Plant, Basing View, Basingstoke, Hampshire, RG21 4HG

AA CORPORATION LIMITED
FOR THE YEAR ENDED 31 JANUARY 2025
DIRECTORS' REPORT

DIRECTORS

The Directors who held office during the year and up to the date of signing the financial statements were as follows:

M Neville (resigned 29 May 2024)

M Wing (appointed 29 May 2024)

T O Mackay

COMPANY SECRETARY

J E Cox

DIRECTORS' INDEMNITY

The Company maintains appropriate directors' and officers' liability insurance cover. The Company also grants indemnities to each of its Directors to the extent permitted by law. Qualifying third-party indemnity provisions (as defined by Section 234 of the Act) were in force during the year ended 31 January 2025 and remain in force, in relation to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors of the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AA CORPORATION LIMITED
FOR THE YEAR ENDED 31 JANUARY 2025
DIRECTORS' REPORT (continued)

DIRECTORS' CONFIRMATIONS

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

GOING CONCERN

The Company's business activities and its exposure to financial risks are described in the "Principal activities and review of the business" and "Risk management framework" sections on pages 1 to 3.

The Company has adequate financial resources due to the Company's own net current asset position. AA Corporation Limited is a wholly owned subsidiary of the AA Limited group ("Group") and is an obligor to its borrowings, hence the going concern status of the Company is linked to the wider Group, which at the reporting date has total borrowings of £2,069m (2024: £2,238m).

The majority of the Group's borrowings are long term in nature, and the Group continues to seek to refinance its debt within good time of its scheduled maturity, including the refinancing of its Class A2 Notes which had a maturity date of 31 July 2025. As at 31 January 2025, the full £500m of A2 Notes have already been redeemed, through the issue of £435m Class A12 Notes on 22 May 2024, with the remainder repaid and cancelled using available cash.

The outstanding Class B3 Notes of £280m at 31 January 2024 have a maturity date of 31 January 2026. On 31 July 2024 the Group used cash received as part of the Stonepeak investment into The AA to redeem £155m of Class B3 Notes. On 25 October 2024, the Group redeemed a further £15m of Class B3 Notes. As at the reporting date, £110m of Class B3 Notes remained outstanding. The Group expects to redeem the remainder of B3 Notes ahead of maturity using cash held by the business.

The Group may only make payments against the balance of Class B3 Notes if its senior leverage ratio is below 5.5x. As at the reporting date the ratio was 5.3x allowing the Group to redeem £62m of the outstanding in B3 Notes on 14 May 2025. In the event this ratio increases above 5.5x at the next measurement date (31 July 2025), alternative financing arrangements have been secured via a committed facility with Basing TopCo Limited, an indirect parent of the Group. See Note 20 for further details. Under this arrangement the Group may borrow up to £60m for the purposes of redeeming any remaining Class B3 Notes. This cash would not be subject to the payment restrictions imposed by the senior leverage ratio. The Directors have made appropriate enquiries and are satisfied that Basing TopCo Limited, through its own committed facility with its investors, has access to sufficient liquidity to provide the funding as required.

At the statement of financial position date, the Group had £165m held under Senior Term Facilities due to mature on 10 March 2026. On 19 March 2025, the Group successfully refinanced these facilities. The Group has entered into a new £95m Senior Term Facility and a new £70m fixed rate private placement, both with maturity dates in March 2030. See Note 20 for details.

After the Class B3 Notes the Group has no other debt maturing until the Class A8 Notes on 31 July 2027.

For the Group's longer-term viability, it remains a key assumption of the Directors that the Group continues to have ready access to public debt markets to enable these borrowings to be refinanced at affordable rates of interest. Deleveraging the business remains a central long-term aim of the business.

AA CORPORATION LIMITED
FOR THE YEAR ENDED 31 JANUARY 2025
DIRECTORS' REPORT (continued)

GOING CONCERN (continued)

The Company Directors consider the going concern period as twelve months from the date of signing these financial statements and have reviewed detailed monthly cash flow forecasts for the Group over this period. In addition, the Directors have considered and confirm there are no significant or material events that have been identified beyond the going concern period that may cast significant doubt upon the continuing use of the going concern basis. The forecasts incorporate severe but plausible downside scenarios relating to business performance and covenant thresholds. The Directors have concluded that the Company has sufficient funds to continue trading for this period and the foreseeable future without significant curtailment of operations. Therefore, the financial statements have been prepared using the going concern basis.

DIVIDENDS

The Company paid dividends in the year of £141m (2024: £149m).

INDEPENDENT AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the independent auditors will be deemed to be reappointed, and PricewaterhouseCoopers LLP will therefore continue in office.

ON BEHALF OF THE BOARD



Michael Wing

DIRECTOR

21 May 2025

Registered Office: Level 3, Plant, Basing View, Basingstoke, Hampshire, RG21 4HG

Independent auditors' report to the members of AA Corporation Limited

Report on the audit of the financial statements

Opinion

In our opinion, AA Corporation Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 January 2025; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

AA CORPORATION LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 January 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

AA CORPORATION LIMITED

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and the potential for management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussion with management, internal audit, internal compliance and internal legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations, and fraud.
- Challenging significant accounting assumptions and judgements individually and collectively for indications of management bias.
- Designing risk filters to search for journal entries, such as those posted with unusual account combinations and testing those journals highlighted (if any).
- Incorporating elements of unpredictability into the audit procedures performed.
- Reviewing the disclosures in the Annual Report and Financial Statements against the specific legal requirements, for example within the Directors' Report.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nicholas Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
21 May 2025

AA CORPORATION LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2025

	Note	2025 £m	2024 £m
REVENUE		135	126
Administrative expenses		(138)	(141)
OPERATING LOSS	3	(3)	(15)
Income from shares in Group undertakings	5	211	224
PROFIT BEFORE TAX		208	209
Income tax credit	7	-	-
PROFIT FOR THE FINANCIAL YEAR		208	209

The accompanying notes are an integral part of this income statement.

AA CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2025

	Note	2025 £m	2024 £m
PROFIT FOR THE FINANCIAL YEAR		208	209
Other comprehensive expense on items that will not be reclassified to income statement in subsequent years			
Remeasurement losses on net defined benefit pension schemes	16	(1)	(2)
Tax effect	7	-	-
TOTAL OTHER COMPREHENSIVE EXPENSE		(1)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		207	207

The accompanying notes are an integral part of this statement of comprehensive income.

AA CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2025

	Note	2025 £m	2024 £m
NON-CURRENT ASSETS			
Deferred tax assets	7	13	12
Intangible assets	9	79	82
Property, plant and equipment	10	5	3
Right of use assets	11	2	-
Net defined benefit pension asset	16	5	6
Investments in joint ventures	12	-	1
Investments in subsidiaries	12	1,613	1,607
		<u>1,717</u>	<u>1,711</u>
CURRENT ASSETS			
Trade and other receivables	13	1,296	1,213
Financial assets at amortised cost	8	-	1
Current tax receivable		-	1
		<u>1,296</u>	<u>1,215</u>
TOTAL ASSETS		<u>3,013</u>	<u>2,926</u>
CURRENT LIABILITIES			
Trade and other payables	14	(731)	(712)
Lease liabilities due within 1 year	17	(1)	-
		<u>(732)</u>	<u>(712)</u>
NON-CURRENT LIABILITIES			
Lease liabilities due after 1 year	17	(1)	-
		<u>(1)</u>	<u>-</u>
TOTAL LIABILITIES		<u>(733)</u>	<u>(712)</u>
NET ASSETS		<u>2,280</u>	<u>2,214</u>
EQUITY			
Called up share capital	15	770	770
Retained earnings		1,510	1,444
TOTAL EQUITY		<u>2,280</u>	<u>2,214</u>

The accompanying notes are an integral part of this statement of financial position. The financial statements on pages 11 to 33 were approved by the board of Directors and signed on its behalf by:


Michael Wing

DIRECTOR

21 May 2025

AA Corporation Limited

Registered number: 03797747

AA CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2025

	Share capital £m	Retained earnings £m	Total equity £m
At 1 February 2023	770	1,386	2,156
Profit for the year	-	209	209
Other comprehensive expense	-	(2)	(2)
Total comprehensive income	-	207	207
Dividends paid	-	(149)	(149)
At 31 January 2024	770	1,444	2,214
Profit for the year	-	208	208
Other comprehensive expense	-	(1)	(1)
Total comprehensive income	-	207	207
Dividends paid	-	(141)	(141)
At 31 January 2025	770	1,510	2,280

The accompanying notes are an integral part of this statement of changes in equity.

AA CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 PRESENTATION OF FINANCIAL STATEMENTS

AA Corporation Limited is a private company limited by shares, incorporated and domiciled in England and Wales, UK.

The financial statements are prepared in Sterling and are rounded to the nearest £million.

Going Concern

The Company's business activities and its exposure to financial risks are described in the "Principal activities and review of the business" and "Risk management framework" sections on pages 1 to 3.

The Company has adequate financial resources due to the Company's own net current asset position. AA Corporation Limited is a wholly owned subsidiary of the AA Limited group ("Group") and is an obligor to its borrowings, hence the going concern status of the Company is linked to the wider Group, which at the reporting date has total borrowings of £2,069m (2024: £2,238m).

The majority of the Group's borrowings are long term in nature, and the Group continues to seek to refinance its debt within good time of its scheduled maturity, including the refinancing of its Class A2 Notes which had a maturity date of 31 July 2025. As at 31 January 2025, the full £500m of A2 Notes have already been redeemed, through the issue of £435m Class A12 Notes on 22 May 2024, with the remainder repaid and cancelled using available cash.

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The Group may only make payments against the balance of Class B3 Notes if its senior leverage ratio is below 5.5x. As at the reporting date the ratio was 5.3x allowing the Group to redeem £62m of the outstanding in B3 Notes on 14 May 2025. In the event this ratio increases above 5.5x at the next measurement date (31 July 2025), alternative financing arrangements have been secured via a committed facility with Basing TopCo Limited, an indirect parent of the Group. See Note 20 for further details. Under this arrangement the Group may borrow up to £60m for the purposes of redeeming any remaining Class B3 Notes. This cash would not be subject to the payment restrictions imposed by the senior leverage ratio. The Directors have made appropriate enquiries and are satisfied that Basing TopCo Limited, through its own committed facility with its investors, has access to sufficient liquidity to provide the funding as required.

At the statement of financial position date, the Group had £165m held under Senior Term Facilities due to mature on 10 March 2026. On 19 March 2025, the Group successfully refinanced these facilities. The Group has entered into a new £95m Senior Term Facility and a new £70m fixed rate private placement, both with maturity dates in March 2030. See Note 20 for details.

After the Class B3 Notes the Group has no other debt maturing until the Class A8 Notes on 31 July 2027.

For the Group's longer-term viability, it remains a key assumption of the Directors that the Group continues to have ready access to public debt markets to enable these borrowings to be refinanced at affordable rates of interest. Deleveraging the business remains a central long-term aim of the business.

The Company Directors consider the going concern period as twelve months from the date of signing these financial statements and have reviewed detailed monthly cash flow forecasts for the Group over this period. In addition, the Directors have considered and confirm there are no significant or material events that have been identified beyond the going concern period that may cast significant doubt upon the continuing use of the going concern basis. The forecasts incorporate severe but plausible downside scenarios relating to business performance and covenant thresholds. The Directors have concluded that the Company has sufficient funds to continue trading for this period and the foreseeable future without significant curtailment of operations. Therefore, the financial statements have been prepared using the going concern basis.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

2 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS101"). The financial statements are under the historical cost convention and have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The Company takes the exemption under IFRS 10 paragraph 4 and section 400 of the Companies Act 2006 from presenting consolidated financial statements.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- IAS 1 paragraphs 10(d) and 10(f),
- IAS 1 paragraph 16 (statement of compliance with all IFRS),
- IAS 1 paragraph 38 (comparative information in respect of Property, Plant and Equipment, and Intangible Assets),
- IAS 1 paragraph 38A (requirement for minimum of two primary statements, including cash flow statements),
- IAS 1 paragraph 111 (cash flow statement information),
- IAS 1 paragraphs 134-136 (capital management disclosures),
- IAS 7 'Statement of cash flows',
- IAS 8 paragraphs 30 and 31 (accounting policies, changes in accounting estimates and errors),
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group,
- IAS 24 'Related party disclosures' (key management compensation),
- IFRS 3 "Business Combinations disclosures".

New standards, amendments and IFRIC interpretations

The Company did not identify any new accounting standards coming into effect in the current year with a material impact on the financial statements.

A number of new accounting standards, amendments and interpretations have been issued and will be effective for years beginning on or after 1 February 2025. These are set out below (effective dates are UK effective dates for periods beginning on or after this date).

- Annual Improvements to IFRS Accounting Standards – Amendments to IFRS 9 Financial Instruments (effective date 1 January 2026);
- IFRS 18 Presentation and Disclosure in Financial Statements (effective date 1 January 2027).

2.2 Critical accounting estimates and judgements

Estimates are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management have exercised judgement in applying the Company's accounting policies and in making critical estimates. The underlying assumptions on which these judgements are based are reviewed on an ongoing basis.

The principal estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

2 ACCOUNTING POLICIES (continued)

2.2 Critical accounting estimates and judgements (continued)

Investments

Fixed asset investments are stated at historical cost. The Company tests the investment balances for impairment triggers annually, and where a trigger is noted, a full quantitative assessment is performed. The recoverable amounts of the investments have been determined based on value in use calculations which require the use of estimates. Management has prepared discounted cash flow forecasts based on the latest strategic plan.

In performing its impairment testing on its investment in subsidiaries, the Company prepared a traditional value in use model as described in IAS 36 which was also used in prior years. This comprises an enterprise value model which deducts net debt as at 31 January 2025 and discounts estimates of future cash flows at a pre-tax rate reflecting the time value of money and the risk specific to these cash flows. IAS 36 considers that the appropriate discount rate for a value in use calculation should take into account weighted average cost of capital, incremental borrowing rate and other market borrowing rates in making such an estimate and the Company uses a discount rate calculated on this basis. Estimates of future cash flows do not include cash inflows or outflows from financing activities or income tax receipts or payments as these are already taken into account in the discount rate. This differs from the AA Limited company financial statements where an alternative 'dividend distribution model' was used. In that alternative value in use model, estimates of future cash flows included cash outflows relating to taxation and financing activities, reflecting an assessment of future refinancing and interest costs that the Group expects to arise as its existing debt is refinanced over the next 5 years.

As the Company is a holding company within the WBS ringfence, it and its subsidiary investments will continue operating as a group in the event that there was a failure to refinance the Group's class B Notes. However, companies above the level of AA Mid Co Limited could face a significantly higher level of risk in those circumstances. The alternative value in use valuation approach used at an AA Limited level is therefore not considered to be an appropriate valuation methodology for the Company to use in its own investment impairment testing.

On this basis, the Company has made the critical accounting judgement to continue to perform impairment testing of its investment in subsidiaries using the traditional enterprise value model which deducts net debt, as outlined above. Management has performed sensitivity analysis as part of its impairment assessment on the Company's investments in subsidiaries (see Note 12 for details). As it relates to estimates used in the impairment assessment, for the purposes of disclosure, the estimates are not considered critical as there is no risk of material misstatement within the next 12 months

The following are other principal estimates and assumptions made by the Group, but which management believes do not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Retirement benefit obligation

The Company's retirement benefit assets and liabilities, which are actuarially assessed each year, are based on key assumptions including return on plan assets, discount rates, mortality rates, inflation, future salary and pension costs. These assumptions may be different to the actual outcome (see Note 16 for sensitivity analysis).

Intercompany receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses ("ECLs") which uses a lifetime expected loss allowance to trade receivables. The assessment of credit loss allowances for intercompany receivables requires judgement to assess the collectability of intercompany balances. There is also estimation uncertainty in respect to the expected credit loss rates applied to such balances, which may differ to the actual outcome.

Intangibles

The Company has significant software development programmes and there is judgement in relation to which programmes and costs to capitalise under IAS 38. The assessment is made using the criteria detailed in Note 2.3(b). Additionally, there is an estimate in respect of the future usage period of software on which the Company bases the useful economic life of related assets. A reduction in the useful economic life of Customer relationships and Software would result in an increase in the amortisation charge based on the new useful life.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

2 ACCOUNTING POLICIES (continued)

2.3 Material accounting policies

a) Property, plant and equipment

Property, plant and equipment is 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.

Depreciation is provided on property, plant and equipment at rates calculated to write off the costs, less estimated residual value based on prices prevailing at date of acquisition of each asset evenly over its expected useful life as follows:

Equipment and vehicles	3 – 10 years
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The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

b) Software and development costs

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful economic lives. The only intangible assets with finite lives held by the Company are software and development costs. Software and development costs are amortised over 5 years.

Software development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied. The asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight-line basis over its useful life. The carrying amounts of intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. In addition, intangible assets not yet available for use are tested for impairment annually.

Software-as-a-Service arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses. Some of the costs incurred relate to the development of software code that enhances or modifies or creates additional capability to existing systems and meets the definition of, and the recognition criteria for, an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.

c) Investments in Group undertakings

Investments in Group undertakings are valued individually at the lower of cost less any provision for impairment or net realisable value. Income from investments is recognised in the income statement when it is receivable.

d) Revenue

Revenue represents the recharge of costs to other AA Limited group companies. Revenue is recognised as the costs are incurred and recharged and is therefore recognised over time. Revenue originates in the UK and revenue by destination is not materially different from revenue by origin.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

2 ACCOUNTING POLICIES (continued)

2.3 Material accounting policies (continued)

e) Taxation

Tax for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred tax asset is realised, or the deferred income tax liability is settled. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

f) Adjusting operating items

Adjusting operating items are events or transactions that fall within the operating activities of the Company and which, by virtue of their size or incidence, have been disclosed in order to improve a reader's understanding of the financial statements. Some items may span over more than one year.

In addition, occasionally there are events or transactions that fall below operating profit that are one-off in nature and items within operating profit that relate to transactions that do not form part of the ongoing segment performance and which, by virtue of their size or incidence, have been separately disclosed in the financial statements.

g) Foreign currencies

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

Transactions in currencies other than the functional currency are recorded at rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at rates of exchange ruling at the statement of financial position date. Gains and losses arising on the translation of assets and liabilities are taken to the income statement.

The results of overseas operations are translated into sterling at average rates of exchange for the period. Exchange differences arising on the retranslation of the opening net assets of overseas operations are taken to the income statement.

h) Retirement benefit obligation

The Company's position in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted. The Company determines the net interest on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

2 ACCOUNTING POLICIES (continued)

2.3 Material accounting policies (continued)

h) Retirement benefit obligation (continued)

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA, with maturity dates approximating the terms of the Company's obligations, and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses and the return on plan assets (excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in administrative and marketing expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

i) Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Company's statement of financial position 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 and management determines the classification at initial recognition. The Company recognises loss allowances for expected credit losses ("ECLs") on relevant financial assets.

Trade and other receivables

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised at fair value and are subsequently held at amortised cost. The Company applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables.

Amounts due from Group undertakings have no repayment terms and bear no interest. They are classified as current, recognised at fair value and subsequently held at amortised cost. Credit loss allowances for intercompany receivables are determined by assessing the ability of fellow subsidiaries to settle balances payable to other Group entities. If there is an indication that a subsidiary cannot settle their liabilities a provision for the expected unrecoverable amount is recognised.

Trade and other payables

Trade and other payables are not interest bearing and are recognised at fair value and are subsequently held at amortised cost using the effective interest method.

The Company has no financial assets or liabilities measured at fair value through other comprehensive income or fair value through profit and loss.

j) Investment income

The accounting treatment of the distribution is determined by whether the distribution paid or received is considered to represent a return of the capital of the subsidiary or not. Where it is deemed to represent a return of capital, a reduction in the parent's investment balance in that subsidiary is recorded rather than the recognition of dividend income in the Income Statement.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

2 ACCOUNTING POLICIES (continued)

2.3 Material accounting policies (continued)

j) Investment income (continued)

The factors considered by the Directors when determining whether a distribution represents a dividend or return of capital include the following:

- The amount of the distribution relative to the original investment value;
- The legal form of the distribution; and
- The future operating plans for the subsidiary after the distribution.

If the amount of the distribution exceeds the carrying value of the investment balance, the excess gain is recognised in the Income Statement to the extent that it is realised, or in the Statement of Comprehensive Income to the extent that it is unrealised. If the distribution is considered to represent a dividend the parent recognises the dividend in the Income Statement.

k) Leases

Lease liabilities

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

Measurement of right-of-use assets

The associated right-of-use assets for leases are initially measured at cost, being the initial lease liability plus any direct initial costs and an estimate of end-of-life costs, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position.

Subsequently the right-of-use assets are depreciated over their lease terms. Useful economic lives of leased assets are reviewed for appropriateness on a continuous basis including in relation to climate change impacts such as electric vehicles.

As permitted by IFRS 16, the Company has opted to take exemptions from recognising a lease asset or liability for the following lease categories:

- Leases with a term of 12 months or less.
- Leases for which the underlying asset is of a low value (under £5,000 in cost).

Payments relating to leases falling under either of these categories are recognised as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the Company's benefits. The Company does not take the short-term exemption over the accounting for lease extensions.

3 OPERATING LOSS

Operating loss is stated after charging:

	2025	2024
	£m	£m
Amortisation of owned intangible assets (Note 9)	30	34
Depreciation of owned tangible fixed assets (Note 10)	2	3
Depreciation of right-of-use assets (Note 11)	1	-

Auditors' remuneration in respect of the audit of the Company's financial statements for the year ended 31 January 2025 amounted to £40k (2024: £39k). The Company's auditors provided no services to the Company other than the annual audit during either the current or prior year.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

4 ADJUSTING OPERATING ITEMS

	2025	2024
	£m	£m
Transaction fees related to investment	-	15
Strategic review projects	7	13
Closure costs of the CARE section of the AAUK pension scheme and the transitional agreement made with employees in that scheme	-	1
Corporate recharge (within revenue)	(7)	(17)
Other adjusting operating items	-	3
	<u>-</u>	<u>15</u>

Adjusting operating items are recognised in administrative expenses in the Income Statement. In the current year, strategic review projects of £7m relates to transformation and organisational redesign as well as costs relating to one-off projects such as re-platforming of an insurance sales and administration system, and acquisition and integration costs of AA Media Limited.

In the prior year, £15m of transaction fees arose relating to the investment from Stonepeak into the AA Limited group. Strategic review projects of £13m related to transformation and organisational redesign and the acquisition of Keycare. £3m other operating adjusting items comprised £2m cost-of-living payments and £2m of proactive wage correction relating to previous years backdated to February 2018, offset by £1m of legal costs recovered from third parties for cases that were resolved in our favour.

5 INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2025	2024
	£m	£m
Dividends from subsidiary undertakings	<u>211</u>	<u>224</u>
	211	224

6 EMPLOYEE COSTS

Employee costs during the year were as follows:

	2025	2024
	£m	£m
Wages and salaries	50	44
Social security costs	5	5
Other pension costs	5	5
	<u>60</u>	<u>54</u>

In the prior year wages and salaries included £2m of one-off cost-of-living payments and £2m of proactive wage correction relating to previous years both within adjusting operating items.

Employee costs relate to those recharged from Automobile Association Developments Limited, a subsidiary undertaking. The average number of employees directly employed during the year was nil (2024: nil).

Directors' remuneration

	2025	2024
	£m	£m
Aggregate remuneration in respect of qualifying services		
Remuneration	<u>1</u>	<u>1</u>
	1	1

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

6 EMPLOYEE COSTS (continued)

Directors' remuneration (continued)

The amounts paid in respect of the highest paid Director were as follows:

Remuneration	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

The Directors of the Company are also Directors of fellow subsidiaries of the ultimate parent undertaking (Basing ConsortiumCo Limited). These Directors are remunerated by another company that is part of the Basing ConsortiumCo Limited group. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as Directors of fellow subsidiaries of the ultimate parent undertaking. Therefore, their full remuneration has been reflected in the disclosure above.

Retirement benefits are accruing for 2 (2024: 1) Directors under a money purchase scheme.

One Director exercised share options in the current year (2024: nil). The number of shares exercised was 532,401 (2024: nil).

£1m has been received by Directors under long-term incentive schemes in respect of qualifying services in the current year (2024: £nil).

Two Directors have received shares in respect of qualifying services under long-term incentive schemes in the current year (2024: nil).

7 TAX

The major components of the income tax expense/(credit) are:

	2025 £m	2024 £m
Current tax:		
- Current tax on income in the year	<u>1</u>	<u>2</u>
	<u>1</u>	<u>2</u>
Deferred tax:		
- Origination and reversal of temporary differences	<u>(1)</u>	<u>(2)</u>
	<u>(1)</u>	<u>(2)</u>
Total income tax expense	<u>-</u>	<u>-</u>

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:

	2025 £m	2024 £m
Profit before tax	<u>208</u>	<u>209</u>
Tax at rate of 25% (2024: 24%)	52	50
Effects of:		
Non-taxable dividend income	(53)	(54)
Costs associated with acquisition and investment	<u>1</u>	<u>4</u>
Total income tax expense	<u>-</u>	<u>-</u>

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

7 TAX (continued)

Deferred tax by type of temporary difference

	Statement of financial position		Income statement	
	2025 £m	2024 £m	2025 £m	2024 £m
Decelerated capital allowances	14	13	(1)	(1)
Pension	(1)	(2)	(1)	-
Short-term temporary differences	-	1	1	(1)
Deferred tax credit	-	-	(1)	(2)
Deferred tax asset	13	12	-	-

Reconciliation of net deferred tax assets

	2025 £m	2024 £m
Deferred tax asset as at 1 February	12	10
Tax credit recognised in the income statement	1	2
Tax expense in other comprehensive income	-	-
Deferred tax asset as at 31 January	13	12

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax balances have been measured according to the substantively enacted rates applicable to the periods in which they are scheduled to reverse.

Pillar two

The Company is subject to the global minimum top-up tax under Pillar Two legislation and the first year to which top-up taxes could apply is the year from 1 February 2024 to 31 January 2025. The Company has not recognised a current tax expense related to the top-up tax (2024: £nil).

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two as provided in the amendments to IAS 12 issued in May 2023.

8 FINANCIAL ASSETS AT AMORTISED COST

	2025 £m	2024 £m
Current		
Loans to related parties	-	1

Loans to related parties comprised £1m of 5% fixed rate loan notes issued from AA Media Limited to the Group, redeemed at par in March 2024.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

9 INTANGIBLE ASSETS

	Software £m
Cost	
At 1 February 2024	284
Additions	27
Disposals	(37)
At 31 January 2025	274
Accumulated amortisation	
At 1 February 2024	202
Charge for year	30
Disposals	(37)
At 31 January 2025	195
Net book value	
At 31 January 2025	79
At 31 January 2024	82

Within software is £7m (2024: £7m) which relates to assets under construction that are not being amortised. Software additions comprise £13m (2024: £10m) in relation to assets developed using internal resources and £14m (2024: £16m) using external resources.

Disposals in the year relate to fully amortised software assets that have been retired following insurance sales and administration the platform upgrade.

Amortisation costs are included within administrative expenses in the income statement.

10 PROPERTY, PLANT AND EQUIPMENT

	Equipment and vehicles £m
Cost	
At 1 February 2024	11
Additions	4
Disposals	(2)
At 31 January 2025	13
Accumulated depreciation	
At 1 February 2024	8
Charge for year	2
Disposals	(2)
At 31 January 2025	8
Net book value	
At 31 January 2025	5
At 31 January 2024	3

Within equipment and vehicles, £1m (2024: £nil) relates to assets under construction which are not depreciated.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

11 RIGHT OF USE ASSETS

This note provides information for leases where the Company is a lessee. Under IFRS 16, right-of-use assets are recognised in the statement of financial position in respect of leased assets.

	Equipment
	£m
Cost	
At 1 February 2024	-
Additions	<u>3</u>
At 31 January 2025	<u>3</u>
Accumulated amortisation	
At 1 February 2024	-
Charge for the year	<u>1</u>
At 31 January 2025	<u>1</u>
Net book value	
At 31 January 2025	<u>2</u>
At 31 January 2024	<u>-</u>

12 INVESTMENTS IN GROUP UNDERTAKINGS

	Investment in subsidiaries £m	Investment in joint ventures £m
Cost		
At 1 February 2024	1,609	1
Additions	5	-
Reclassification of investment	<u>1</u>	<u>(1)</u>
As at 31 January 2025	<u>1,615</u>	<u>-</u>
Impairment		
At 1 February 2024	<u>(2)</u>	<u>-</u>
As at 31 January 2025	<u>(2)</u>	<u>-</u>
Net book value		
At 31 January 2025	<u>1,613</u>	<u>-</u>
At 31 January 2024	<u>1,607</u>	<u>1</u>

See Note 19 for details of Group undertakings held.

The Company previously held a 49% interest in AA Media Limited ("AA Media"), which was recognised as an investment in a joint venture. On 29 October 2024, the Company acquired the remaining 51% of voting equity interest for cash consideration of £5m to establish AA Media as a 100% owned subsidiary. The £1m previously held as the value of the investment in the joint venture was transferred to the investment in subsidiaries value as part of the acquisition.

AA Media is a publisher which rates hotels, restaurants and attractions across the UK. The acquisition enables The AA to explore opportunities to promote The AA brand and the chance for AA Media's offerings to play a part in the broader AA membership proposition.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

12 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

The Company has performed impairment testing at 31 January 2025 to compare the recoverable amount of the investments in subsidiaries to their carrying value.

The Directors determined that an impairment assessment was necessary due to the overall investment structure in the Group. The impairment test was performed on the Company's directly held subsidiaries supported by their cash flow projections. The recoverable amount of the investment was determined based on a value in use calculation using cash flow projections from the Group's five-year plan. For the year ended 31 January 2025, the Company used the five-year plan, adjusted for expected changes, covering the five years up to 31 January 2030.

For the purposes of the impairment test, terminal values have been calculated using a 1.91% growth assumption (2024: 1.79%). Cash flows have been discounted at a pre-tax rate reflecting the time value of money and the risks specific to these cash flows. This has been determined as a pre-tax rate of 11.2% (2024: 11.0%) and a terminal year rate of 11.9% (2024: 11.0%). The equivalent post-tax rate was 8.4% (2024: 8.2%) and the terminal rate was 8.9% (2024: 8.2%).

The use of this value in use calculation and the determination of its inputs were consistent with the impairment test performed in the prior year. The result of this impairment test was that there was a significant amount of headroom and therefore no impairment in the value of investments in subsidiaries were identified (2024: no impairment).

The value in use calculation used is most sensitive to the assumptions used for growth and to the discount rate. Accordingly, stress testing has been performed on these key assumptions as part of the impairment test to further inform the consideration of whether any impairment is evident. From the results of this stress testing the value in use is not subject to significant risk of misstatement caused by changes to assumptions in the next 12 months.

13 TRADE AND OTHER RECEIVABLES

	2025	2024
	£m	£m
Amounts owed by Group undertakings	1,279	1,200
Other receivables	2	-
Prepayments	15	13
	1,296	1,213

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

14 TRADE AND OTHER PAYABLES

	2025	2024
	£m	£m
Trade payables	6	13
Amounts owed to Group undertakings	689	657
Other taxation and social security	7	7
Other payables	3	1
Deferred income	1	1
Accruals	25	33
	731	712

Amounts owed to Group undertakings are unsecured, have no repayment terms and bear no interest.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

15 CALLED UP SHARE CAPITAL

	2025 £m	2024 £m
Allotted and fully paid		
1,100,010,982 (2024: 1,100,010,982) ordinary shares of 70p each	770	770

During the year, a dividend of 12.8p per share totalling £141m (2024: 13.6p, £149m) was paid to the parent entity, AA Senior Co Limited.

16 PENSIONS

During the 2017 financial year and following the sale of the Irish business by the Group, the Company became the sponsor of the AA Ireland Pension Scheme ("the AAI scheme"). The assets of the scheme are held separately from those of the Company in an independently administered fund. The AAI scheme is closed to new entrants and future accrual of benefits. The assets and liabilities of the AAI scheme are denominated in Euros.

The AAI scheme is governed by a corporate trustee whose board is currently composed of Company-nominated Directors of which some are also members of the scheme. The Company-nominated Directors include an independent Director whom the trustee board Directors have nominated as Chairman. The trustee of the scheme is responsible for paying members' benefits and for investing scheme assets, which are legally separate from the Company.

The AAI scheme is subject to full actuarial valuations every three years using assumptions agreed between the trustee of the scheme and the Company. The purpose of this valuation is to design a funding plan to ensure that the pension scheme has sufficient assets available to meet the future payment of benefits to scheme members.

The valuation of liabilities for funding purposes differs from the valuation for accounting purposes, mainly due to the different assumptions used and changes in market conditions between different valuation dates. For funding valuation purposes, the assumptions used to value the liabilities are agreed between the trustee and the Group with the discount rate, for example, being based on a bond yield plus a margin based on the assumed rate of return on scheme assets.

For accounting valuation purposes, the assumptions used to value the liabilities are determined in accordance with IAS 19, with the discount rate, for example, being based on high-quality (AA rated) corporate bonds.

The valuations have been based on a full assessment of the liabilities of the scheme which have been updated where appropriate to 31 January 2025 by independent qualified actuaries.

The amounts recognised in the statement of financial position are as follows:

	2025 £m	2024 £m
Present value of the defined benefit obligation in respect of pension plans	(33)	(36)
Fair value of plan assets	38	42
Surplus	5	6

The actuarial triennial review as at 31 December 2022 for the AAI pension scheme was completed during September 2023. This showed a funding surplus of £1m, an improvement from a £4m deficit as at 31 December 2019. The Group made deficit reduction contributions of £2m in the year ended 31 January 2024 under the deficit reduction agreement which ended in December 2023. After this date deficit contributions have ceased as agreed with the AAI scheme trustees as part of the 31 December 2022 valuation.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

16 PENSIONS (continued)

	Assets £m	Liabilities £m	Consolidated income statement £m	Other comprehensive income £m
Balance at 1 February 2023	42	(36)	-	-
Interest on defined benefit scheme assets/(liabilities)	1	(1)	-	-
Amounts recognised in the consolidated income statement	1	(1)	-	-
Effect of changes in demographic assumptions	-	(1)	-	(1)
Effect of experience adjustment	-	(1)	-	(1)
Amounts recognised in the statement of comprehensive income	-	(2)	-	(2)
Foreign exchange (loss)/gain	(1)	1	-	-
Benefits paid from scheme assets	(2)	2	-	-
Deficit reduction employer contributions	2	-	-	-
Movements through cash	-	2	-	-
Balance at 31 January 2024	42	(36)	-	-
Interest on defined benefit scheme assets/(liabilities)	2	(2)	-	-
Amounts recognised in the consolidated income statement	2	(2)	-	-
Effect of changes in financial assumptions	-	1	-	1
Return on plan assets excluding interest income	(2)	-	-	(2)
Amounts recognised in the statement of comprehensive income	(2)	1	-	(1)
Foreign exchange (loss)/gain	(1)	1	-	-
Benefits paid from scheme assets	(3)	3	-	-
Movements through cash	(3)	3	-	-
Balance at 31 January 2025	38	(33)	-	-

Investment strategy

To diversify sources of return and risk, the AAI scheme invests in many asset classes and strategies, including equities, bonds and property funds which primarily rely on the upward direction of the underlying markets for returns, and also hedge funds which also invest in asset classes like equities, bonds and currencies, but in such a way that relies more on the skill of the investment manager to add returns whilst hedging against downward market moves.

The trustee's investment advisors carry out detailed ongoing due diligence on funds in all asset classes from both operational and investment capability standpoints and any funds which are not expected to achieve their investment performance targets are replaced where possible.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

16 PENSIONS (continued)

Fair value of plan assets

The table below shows the AAI scheme assets split between those that have a quoted market price and those that are unquoted.

The fair value of the AAI plan assets and the return on those assets were as follows:

	2025		2024	
	Assets with a quoted market price £m	Assets without a quoted market price £m	Assets with a quoted market price £m	Assets without a quoted market price £m
Equities	2	-	2	-
Bonds/gilts	29	-	30	-
Property	-	3	-	7
Hedge funds	2	-	2	-
Cash / net current assets	2	-	1	-
Total AAI scheme assets	35	3	35	7
Return on AAI plan assets (excluding admin expenses)	-		1	

Pension plan assumptions

The principal actuarial assumptions were as follows:

	2025 %	2024 %
Pensioner discount rate	3.2	3.3
Non-pensioner discount rate	3.6	3.4
Pensioner CPI	2.1	2.1
Non-pensioner CPI	2.1	2.1
Pension increase for deferred benefits	2.1	2.1

Mortality assumptions are set using standard tables with scheme-specific adjustments.

The AA schemes' overall assumptions are that an active male retiring in normal health currently aged 60 will live on average for a further 24 years (2024: 24 years) and an active female retiring in normal health currently aged 60 will live on average for a further 27 years (2024: 27 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit asset by the amounts shown below:

	2025 £m	2024 £m
Increase of 1% in discount rate	5	5
Increase of 1% in RPI and CPI	(2)	(2)
Increase of 1% in CPI only	(2)	(2)
Increase of one year of life expectancy	(1)	(1)

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

16 PENSIONS (continued)

Sensitivity analysis (continued)

An equivalent decrease in the assumptions at 31 January 2025 would have had a broadly equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant. The amounts shown above are the effects of changing the assumptions on the gross defined benefit liability, rather than on the net surplus. The de-risked investment strategy and high levels of hedging reduce the sensitivities of changing these assumptions on the net deficit considerably.

The weighted average duration of the defined benefit obligation at 31 January 2025 is around 14 years.

Pension scheme risks

The AAI scheme has exposure to a number of risks because of the investments they make in following their investment strategy. Investment objectives and risk limits are implemented through the investment management agreements in place with the schemes' investment managers and monitored by the trustees by regular reviews of the investment portfolios. In addition, under guidance from their investment advisers the trustees monitor estimates of key risks on an ongoing basis such as those shown below. A number of measures are taken to mitigate these risks where possible.

Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This risk mainly relates to the schemes' bonds and is mitigated by carrying out due diligence and investing only in bond funds which are well diversified in terms of credit instrument, region, credit rating and issuer of the underlying bond assets. To reduce risk further, the underlying bond assets within a fund are ring fenced, and the scheme diversifies across a number of bond funds.

Currency risk

The scheme is subject to currency risk because some of the scheme's investments are in overseas markets. The trustee hedges some of this currency risk by investing in investment funds which hold currency derivatives to protect against adverse fluctuations in the relative value of its portfolio positions as a result of changes in currency exchange rates.

Market price risk

This is the risk that the fair value or future cash flows of a financial asset such as equities will fluctuate because of changes in market prices (other than those arising from interest rate, inflation or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets and investment managers.

Financial derivatives risk

The scheme does not directly hold any financial derivatives but instead invests in investment funds which hold the derivatives required to hedge the scheme's interest rate, inflation and currency risks. The scheme also permits some of the investment managers to use derivative instruments if these are being used to contribute to a reduction of risks or facilitate efficient portfolio management of their funds. The main risks associated with financial derivatives include losses may exceed the initial margin; counterparty risk where the other party defaults on the contract; and liquidity risk where it may be difficult to close out a contract prior to expiry.

These risks are managed by monitoring of investment managers to ensure they use reasonable levels of market exposure relative to initial margin and positions are fully collateralised on a daily basis with secure cash or gilts collateral.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

17 GUARANTEES AND COMMITMENTS

The Company has lease contracts for IT equipment. Future minimum lease payments under lease contracts together with the present value of the net minimum lease payments are as follows:

	2025		2024	
	Present value of payments £m	Minimum payments £m	Present value of payments £m	Minimum payments £m
Within one year	1	1	-	-
Between one and five years	1	1	-	-
Total minimum lease payments	2	2	-	-
Less amounts representing finance charge	-	-	-	-
Present value of minimum lease payments	2	2	-	-

Cross company guarantees

The Company is an obligor to the bank loans and bond debt of the AA Intermediate Co Limited group. At 31 January 2025, the principal outstanding on the AA Intermediate Co Limited group debt was £2,090m (2024: £2,264m).

The covenants governing the bank loans and bond debt of the AA Intermediate Co Limited group place restrictions on the Group's ability to distribute cash from the key trading companies to pay external dividends and finance activities unconstrained by the restrictions embedded in the debts.

18 ULTIMATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The Company is a wholly owned subsidiary of AA Senior Co Limited, a company registered in England and Wales, UK.

The parent of the smallest group to consolidate these financial statements is AA Intermediate Co Limited whose registered office is Level 3, Plant, Basing View, Basingstoke, Hampshire, RG21 4HG.

The parent of the largest group to consolidate these financial statements is AA Limited whose registered office is Level 3, Plant, Basing View, Basingstoke, Hampshire, RG21 4HG.

At 31 January 2025, the ultimate controlling party and parent undertaking is Basing Consortium Co Limited, whose registered office is 3rd Floor, 44 Esplanade, St Helier, JE4 9WG, Jersey. Copies of the consolidated AA Limited and AA Intermediate Co Limited financial statements are available from the website www.theaacorporate.com/investors.

19 SUBSIDIARY UNDERTAKINGS

All subsidiaries are wholly owned by the Group (except where stated) and incorporated and registered where stated below.

The principal subsidiary undertakings of the Company at 31 January 2025 are:

Name	Country of Incorporation / Registered Office Key	Class of shares held
AA Financial Services Limited	England and Wales, UK / A	Ordinary
AA The Driving School Agency Limited	England and Wales, UK / A	Ordinary
Automobile Association Developments Limited ¹	England and Wales, UK / A	Ordinary
Automobile Association Insurance Services Limited ¹	England and Wales, UK / A	Ordinary
Drivetech (UK) Limited ¹	England and Wales, UK / A	Ordinary
AA Brand Management Limited ¹	England and Wales, UK / A	Ordinary
The Automobile Association Limited ^{1,2}	Jersey / B	Ordinary
Used Car Sites Limited ¹	England and Wales, UK / A	Ordinary
Prestige Fleet Servicing Limited ¹	England and Wales, UK / A	Ordinary
AA Media Limited ¹	England and Wales, UK / A	Ordinary

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

19 SUBSIDIARY UNDERTAKINGS (continued)

The other subsidiary undertakings of the Company at 31 January 2025 are:

Name	Country of Incorporation / Registered Office Key	Class of shares held
A.A. Pensions Trustees Limited	England and Wales, UK / A	Ordinary
AA Pension Funding GP Limited	Scotland, UK / D	Ordinary
AA Pension Funding LP ³	Scotland, UK / D	Membership Interest
Automobile Association Holdings Limited	England and Wales, UK / A	Ordinary and deferred redeemable non-voting special dividend
Automobile Association Insurance Services Holdings Limited	England and Wales, UK / A	Ordinary
Automobile Association Services Limited	England and Wales, UK / A	Limited by guarantee
Personal Insurance Mortgages and Savings Limited	England and Wales, UK / A	Ordinary
AA Ireland Pension Trustees DAC ¹	Ireland / C	Ordinary
Accident Assistance Services Limited ¹	England and Wales, UK / A	Ordinary
Intelligent Data Systems (UK) Limited	England and Wales, UK / A	Ordinary
Key Care Limited	England and Wales, UK / E	Ordinary
Key Care Assistance Limited	Ireland / F	Ordinary

¹ Directly held by AA Corporation Limited, all other subsidiaries are indirectly held.

² This Company also has a UK branch establishment.

³ This partnership is fully consolidated into the Group financial statements and the Group has taken advantage of the exemption (as confirmed by regulation 7 of the Partnerships (Accounts) Regulations 2008) not to prepare or file separate financial statements for this entity.

Registered Office Key

Registered office	Key
Level 3, Plant, Basing View, Basingstoke, Hampshire, RG21 4HG, England	A
Third Floor, 44 Esplanade, St. Helier, Jersey, JE4 9WG	B
6th Floor, South Bank House, Barrow Street, Dublin 4, Ireland	C
Building 1, 9 Haymarket Square, Edinburgh, Scotland, EH3 8RY	D
2–3 Quayside House, Quayside, Salts Mill Road, Shipley, West Yorkshire, BD18 3ST	E
77 Camden Street, Lower Dublin, 2 D02XE80	F

Joint Ventures

The joint ventures of the Company which are indirectly held are detailed below. The share capital of each joint venture consists of A and B ordinary shares.

Company	Country of registration	Nature of business
AA Law Limited (49% interest held) ¹	England and Wales, UK	Insurance services
Drvn Solutions Limited (48% interest held) ²	England and Wales, UK	Roadside services

¹ The Group exercises joint control over AA Law Limited through its equal representation on the Board.

² The Group exercises joint control over Drvn Solutions Limited through its joint influence over key decision-making.

The Company previously held a 49% interest in AA Media Limited, which was recognised as an investment in a joint venture. On 29 October 2024, the Company acquired the remaining 51% of voting equity interest to establish AA Media Limited as a 100% owned subsidiary.

AA CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

19 SUBSIDIARY UNDERTAKINGS (continued)

Associates

The associates of the Company are listed below. Except where otherwise stated, the share capital of each associate consists of only ordinary shares.

Company	Country of registration	Nature of business
ARC Europe SA (20% interest held) ¹	Belgium	Roadside services

¹ Indirectly held.

20 EVENTS AFTER THE REPORTING PERIOD

Liquidity, Senior Term and Working Capital Facilities

On 10 February 2025, the AA Limited group ("Group") renewed its £200m Liquidity Facility with an effective date of 5 March 2025. The facility remains undrawn.

On 19 March 2025, the Group successfully refinanced its £165m Senior Term Facility and £56m Working Capital facility ahead of their 10 March 2026 maturity date. The Group has entered into a new £95m Senior Term Facility and a new £70m fixed rate Private Placement, both with maturity dates in March 2030. The new Senior Term Facility has a margin of 2.50% above SONIA and has been hedged through an interest rate swap.

A new Working Capital Facility for £56m has also been put in place at a margin of 2.50% above SONIA and is available until March 2030.

B3 conditional notice of redemption

On 14 April 2025, the Group issued a conditional notice of redemption for £62m of Class B3 Notes at par, subject to satisfaction of the condition precedent set out in that notice.

Financing arrangement

On 1 April 2025 the Group entered into a financing arrangement with Basing TopCo Limited, an indirect parent of AA Limited. Under this arrangement the Group may borrow up to £60m for the sole purpose of redeeming Class B3 Notes, to the extent any remain outstanding on the 31 January 2026 maturity date.

At the date of signing of these financial statements no amounts have been drawn.

B3 redemption

On 14 May 2025, the Group redeemed a further £62m of Class B3 Notes at par.