

**AA BOND CO LIMITED**  
**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2021**

**Registered FC number: FC031455**

**Registered Company number 112992**

**AA BOND CO LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2021**  
**DIRECTORS' REPORT**

The directors present their annual report and audited financial statements of AA Bond Co Limited ("the Company") for the year ended 31 January 2021.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

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

The principal activity of the Company is that of a financing company. The Class A2, A5, A6, A7 and B2 Notes issued in previous years, £325,000k of Class A8 Notes and £280,000k of Class B3 Notes issued in the current year (see note 9) are listed on the Irish Stock Exchange. £200,000k of Class A3 Notes were repaid during the current year and £569,762k of Class B2 Notes were redeemed after the year end.

The COVID-19 pandemic has caused significant disruption across the globe. The impact on society has been reflected in business closures, restrictions on movement, home working and cancellations of sporting and other events, leading to an economic downturn. Despite the resultant volatility in financial markets, 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.

During the current year, the Company refinanced £325,000k of its Class A5 Notes for £325,000k of new Class A8 Notes, which it accounted for as a substantial modification of debt under IFRS 9. As a result, the Company expensed the exchange premium incurred on refinancing of £6,338k (2020: £nil), wrote off unamortised issue fees associated with Class A5 Notes of £9,091k (2020: £nil) and immediately wrote off debt issue fees on issue of Class A8 Notes of £4,462k (2020: £nil). The Company incurred interest on borrowings of £129,185k (2020: £124,992k) in the year to 31 January 2021 and amortisation of issue fees of £9,437k (2020: £13,735k). This was offset by interest receivable from a fellow subsidiary undertaking of £158,518k (2020: £138,729k). Management deem these figures to be the key performance indicators of the Company.

There are currently no plans to alter the principal activity of the Company going forward and the Company expects to continue to be a financing company.

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 page 28 of AA Limited's Annual Report, with whom the Company shares common directorship and management structure.

**RISK MANAGEMENT FRAMEWORK**

The Company is part of the AA Limited group which has developed an embedded enterprise risk management process that facilitates the identification, assessment, escalation and mitigation of the Company's risk exposure across every aspect and activity of its business. This framework enables the Company to manage risk using predefined assessment criteria to ensure residual risk levels are in line with the AA Limited Board's agreed risk appetite.

The Group has put in place rigorous procedures and controls designed to prevent significant risks to the business occurring or to mitigate their effects if they should occur. These controls are monitored by the Risk, Compliance and Internal Audit functions to ensure they are working effectively.

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

*Unable to maintain outstanding service and market share and grow the business in a manner that complements and sustains the brand*

The AA's brand and its continued success, and the loyalty of its customers, relies on delivering outstanding service that is superior to the rest of the market. Inadequate investment in technology, systems, people and processes would place this objective at increasing risk.

## AA BOND CO LIMITED

FOR THE YEAR ENDED 31 JANUARY 2021

### DIRECTORS' REPORT (continued)

#### RISK MANAGEMENT FRAMEWORK (continued)

The AA continues to invest to ensure that we have the optimal patrol and call centre headcount to meet demand, together with training and support to make sure we are well placed to provide a premium service to our customers throughout the year. We carry out ongoing monitoring of complaints, press reports and social media through structured processes, including first line business assurance.

#### *Financial Risk/Debt Leverage Risk*

This is the risk that the Group is unable to manage its debt or that the Company is unable to repay or refinance its debt at an acceptable price.

The Group's senior management oversees the management of financial risks, supported by the Group Treasury function. 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.

We have strong recurring cash flows which support the current capital structure, and which will enable us to reduce leverage over the long term in line with our stated strategy. During the year, we issued £280,000k of Class B3 Secured Notes as part of the refinancing of our Class B2 Secured Notes which we completed in March 2021 with the Acquisition (see note 11). The Class B3 Secured Notes were issued at a lower interest rate than our previous expectations.

The viability and financial success of the Company is tied to the viability and financial success of the Group. For more detail see the AA Limited group's Financial Review on pages 22-24 of its Annual Report.

#### *Credit Risk*

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. The Company is exposed to credit risk in relation to the intercompany balance due from a fellow subsidiary undertaking. The AA Limited group monitors the recoverability of intercompany balances to ensure that there are sufficient resources to meet each counterparty's obligation.

The above principal risks of the Company are considered to be aligned to those of the Group given the performance as a non-trading holding Company is dependent on that of the Group.

#### DIRECTORS

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

M Neville  
K Dangerfield  
H Whitaker

#### COMPANY SECRETARY

Mourant Secretaries (Jersey) Limited

**AA BOND CO LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2021**  
**DIRECTORS' REPORT (continued)**

**DIVIDENDS**

The Company has not paid a dividend in the year (2020: £nil) and the directors do not propose the payment of a final dividend (2020: £nil).

**INDEPENDENT AUDITORS**

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

**GOING CONCERN**

The Company's business activities, future developments and its exposure to financial risks are described in the business review and risk management framework sections on pages 1 and 2.

The Company has adequate financial resources due to the Company's own net current asset position. The directors have reviewed projected cash flows for a period of one year from the date of signing these financial statements and have concluded that the Company has sufficient funds to continue trading for this period and the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The directors believe that the Company has adequate financial resources due to the available cash resources of the AA Limited group and more specifically, the AA Intermediate Co Limited group, which can be drawn upon.

For the AA Limited group's longer-term viability, it remains a key assumption of its directors that the AA Limited group continues to have ready access to public debt markets to enable its borrowings to be refinanced in due course. The AA Limited group directors propose a refinancing of the group's Class A5 Notes in advance of their maturity on 31 January 2022. The directors understand that the outstanding £1,997m Class A Notes are trading at a price near par with yields below 4% which indicate that the debt market considers the refinancing risk of the Class A5 Notes to be low. Given the significant deleveraging of the debt at both A Notes and B Notes level, the current pricing of A Notes in the secondary debt markets and the existing Investment Grade rating of BBB- of the A Notes to be issued, the directors are, on this basis, confident that this refinancing will be successful. At the date of approval of these financial statements, there is no other debt with a maturity date within 12 months from the issue of these financial statements.

The AA Limited group directors have considered these points along with the projected cash flows, for a period of one year from the date of approval of these financial statements and have concluded that they have confidence that the AA Limited group will have sufficient funds to continue trading for this period and will be able to secure financing so as to be able to continue to meet its liabilities as they fall due. For more detail see page 60 of the AA Limited group's Annual Report. However, as noted above, the refinancing of the Class A5 Notes, due on 31 January 2022, is not committed at the date of issue of these financial statements. Further to this, the Company has intercompany receivables from and payables to other members of the AA Intermediate Co Limited group, for which settlement is dependent on successful refinancing. This has been reviewed by the directors of the Company in the context of its status as a subsidiary of the AA Intermediate Co Limited group.

These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern for a period of in excess of a year from the date of issue of these financial statements.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

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FOR THE YEAR ENDED 31 JANUARY 2021

### DIRECTORS' REPORT (continued)

#### DIRECTOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable Jersey law and United Kingdom Accounting Standards, of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 (Jersey) Law, 1991. 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.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### DIRECTORS' INDEMNITY

The Company maintains directors' and officers' liability insurance, which gives appropriate cover for any legal action brought against its directors and officers. The Company has also granted indemnities to its directors and officers against all losses and liabilities incurred in the discharge of their duties, to the extent permitted by law. This is a qualifying third-party indemnity provision and was in force throughout the financial year and at the date of approval of the financial statements.

ON BEHALF OF THE BOARD



M NEVILLE  
DIRECTOR  
11 June 2021

Registered Office: 22 Grenville Street, St Helier, Jersey, JE4 8PX

# Independent auditors' report to the members of AA Bond Co Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, AA Bond Co Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 January 2021; the Income statement, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to those charged with governance.

### 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, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 3, we have provided no non-audit services to the Company in the period under audit.

### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company is a subsidiary of AA Intermediate Co Limited and forms part of the corresponding debt security group for which the refinancing of the Class A5 Notes, due on 31 January 2022, is not committed at the date of issue of these financial statements. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

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.

# AA BOND CO LIMITED

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained evidence that the takeover by TowerBrook Capital Partners (U.K.) LLP and Warburg Pincus International LLC (together, "the Consortium") was approved by the courts on 8 March 2021 and examined documents in support of the equity contribution to be made by the Consortium and the new debt facilities available to the Group.
- We checked the consistency of the cash flows for the next 12 months used in the going concern assessment, including considering the impact of COVID-19, with trading performance over the last financial year and in the period since. We found the key cash flow assumptions to be consistent with recent trading experience.
- We vouched the cash on hand and available facilities in the directors' going concern assessment to our year end audit work.
- We examined the potential downside sensitivities that the directors had applied and considered their likelihood and whether other scenarios, or more severe scenarios, could apply and the associated impact on headroom.
- We evaluated the results of a reverse stress test and assessed the likelihood of a number of scenarios that could erode the headroom.
- We read the Going concern disclosure in note 1 and the disclosures in the Directors' Report and validated they accurately describe the directors' considerations in this area.

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

## Our audit approach

### Context

AA Bond Co Limited is a financing Company which holds loan notes which are listed on the Irish Stock Exchange .

### Overview

#### Audit scope

- As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

#### Key audit matters

- Material uncertainty related to going concern
- Recoverability of amounts owed by group undertakings (£3,425m, 2020: £3,470m) (Note 7)
- Recognition, measurement and disclosure of financial liabilities (£2,821m, 2020: £2,735m) (Note 9)

#### Materiality

- Overall materiality: £37m (2020: £34.70m) based on 1% of total assets.
- Performance materiality: £27.80m.

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## AA BOND CO LIMITED

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><i>Recoverability of amounts owed by group undertakings (£3,425m, 2020: £3,470m) (Note 7)</i></p> <p>This represents a key audit matter due to the size of the intercompany receivables balance and the complexity of the intercompany arrangements within the AA limited (formerly AA plc) group. There is a risk that the counterparty may be unable to repay the balance, resulting in a reduction of its carrying amount.</p>	<p>We have agreed the carrying amount to the audited group intercompany reconciliation and have confirmed that the balance has been recorded as a liability in the trial balance of the counterparty. We tested recoverability of this balance by confirming the net current asset position of the counterparty to evaluate the likelihood of default. The counterparty's ability to settle the balance is itself dependent on amounts owed to the counterparty by other AA group companies and we have therefore performed a similar assessment of recoverability on those balances. We challenged management's assessment that the Expected Credit Loss on receivables which are not immediately recoverable is immaterial. Based on the work performed above, we are satisfied with the recoverability of the carrying value of amounts owed by group undertakings.</p>
<p><i>Recognition, measurement and disclosure of financial liabilities (£2,821m, 2020: £2,735m) (Note 9)</i></p> <p>This represents a key audit matter because the balance is significant within the AA Bond Co Limited financial statements, and the purpose of the Company is to hold and issue the listed debt. Furthermore, the Company refinanced its A5 Notes in February 2020 and issued new B3 Notes in January 2021.</p>	<p>We focused our testing on the completeness and valuation of the liability at year end. We have recalculated the valuation at amortised cost.</p> <p>We obtained third party confirmation of the total outstanding loan principal as at 31 January 2021, and the fair value at that date.</p> <p>We considered the accounting applied for the refinancing of the A5 Notes in February 2020 and the new B3 Notes issued in January 2021. We considered the A5 Note refinancing transaction to meet the definition of a "substantial modification" under IFRS 9 and, as such, costs associated with the transaction were written off in full as incurred.</p> <p>In respect of the B3 Notes refinancing, we noted the issuance was contingent on the successful completion of the takeover of the AA Limited (formerly AA plc) group by the Consortium hence, as at 31 January 2021, were classified as a current liability in line with the treatment, as a current asset, of the proceeds from the transaction held in escrow.</p> <p>As noted above, in addition to assessing the Company's compliance with IFRS 9, we reviewed the financial statement disclosures and were satisfied with the nature and extent of the disclosures provided. We found no material misstatements from our testing.</p>
<p><i>COVID-19 (Notes 1 and 7)</i></p> <p>The Company is a wholly owned subsidiary of the AA Limited (formerly AA plc) group, with its principal activity being that of a financing company. The COVID-19 pandemic has caused significant disruption across the globe and management have considered the impact of these events on the operations of the Company.</p> <p>In doing so, management have had a particular focus on the recoverability of amounts owed by group undertakings and the Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements.</p>	<p>We reviewed management's assessment of the recoverability of amounts owned by group undertakings, as described in the key audit matter above.</p> <p>With respect to management's assessment of going concern, our procedures performed are described in the Material uncertainty related to going concern section above.</p> <p>We considered the appropriateness of management's disclosures of the impact of COVID-19 and found these to be adequate.</p>

# AA BOND CO LIMITED

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

We scope the audit, based on materiality, by financial statement line item. As there are no branches or other locations no scoping by location is required.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall company materiality</i>	£37m (2020: £34.70m).
<i>How we determined it</i>	1% of total assets
<i>Rationale for benchmark applied</i>	The Company is a financing Company and issues loan notes on behalf of the AA limited group. All interest costs are recharged to another group Company, therefore we believe that total assets is the most appropriate benchmark.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £27.80m for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the those charged with governance that we would report to them misstatements identified during our audit above £1.85m (2020: £1.7m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## 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 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.

## 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 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 breaches of regulatory requirements and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies (Jersey) Law 1991. 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 profit and the potential for management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussion with management, internal audit, internal compliance, internal legal counsel and enquiries of the Group's legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulations, and fraud.
- Reviewing correspondence between the Group and the Financial Conduct Authority ("FCA") in relation to compliance with laws and regulations, and considering the matters identified in light of our understanding of the sector.
- 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 or posted by members of senior management with a financial reporting oversight role, and testing those journals highlighted (if any).
- Incorporating elements of unpredictability into the audit procedures performed.

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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In

## AA BOND CO LIMITED

other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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](http://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 Article 113A of the Companies (Jersey) Law 1991 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 (Jersey) Law 1991

Under the Companies (Jersey) Law 1991 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
- proper accounting records have not been kept by the Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the those charged with governance, we were appointed by the members on 7 June 2018 to audit the financial statements for the year ended 31 January 2019 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 January 2019 to 31 January 2021.



Stuart Newman  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants  
London  
11 June 2021

# AA BOND CO LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 JANUARY

	Note	2021 £'000	2020 £'000
<b>OPERATING (COSTS)/INCOME</b>			
Administrative expenses		(297)	(282)
Other income		297	282
<b>OPERATING RESULT</b>		-	-
Finance income	4	158,518	138,732
Finance costs	5	(158,513)	(138,727)
<b>PROFIT BEFORE TAX</b>		5	5
Income tax expense	6	(1)	(1)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		4	4

There is no income and expenditure other than that passing through the income statement, therefore no separate statement of comprehensive income is presented.

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

**AA BOND CO LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY**

	Note	2021 £'000	2020 £'000
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	7	2,182,989	2,534,708
<b>CURRENT ASSETS</b>			
Trade and other receivables	7	1,241,877	935,594
Proceeds of Class B3 Notes issuance held in escrow	9	<u>280,000</u>	-
		<u>1,521,877</u>	<u>935,594</u>
<b>TOTAL ASSETS</b>		<u><u>3,704,866</u></u>	<u><u>3,470,302</u></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	(884,303)	(735,646)
Current tax payable		(1)	(1)
Borrowings	9	<u>(637,541)</u>	<u>(199,919)</u>
		<u>(1,521,845)</u>	<u>(935,566)</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	9	(2,182,989)	(2,534,708)
<b>TOTAL LIABILITIES</b>		<u><u>(3,704,834)</u></u>	<u><u>(3,470,274)</u></u>
<b>NET ASSETS</b>		<u><u>32</u></u>	<u><u>28</u></u>
<b>EQUITY</b>			
Called up share capital	10	-	-
Retained earnings		<u>32</u>	<u>28</u>
<b>TOTAL EQUITY</b>		<u><u>32</u></u>	<u><u>28</u></u>

These financial statements were approved by the board of directors and signed on its behalf by:



M NEVILLE  
DIRECTOR

11 JUNE 2021

The accompanying notes are an integral part of this statement of financial position.

## AA BOND CO LIMITED

### STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 February 2019	-	24	24
Profit for the financial year	-	4	4
<b>At 31 January 2020</b>	<b>-</b>	<b>28</b>	<b>28</b>
Profit for the financial year	-	4	4
<b>At 31 January 2021</b>	<b>-</b>	<b>32</b>	<b>32</b>

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

# AA BOND CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Presentation of financial statements

AA Bond Co Limited is a private company limited by shares, incorporated and domiciled in Jersey.

The financial statements are prepared in Sterling and are rounded to the nearest £1,000.

#### Going concern

The Company's business activities, future developments and its exposure to financial risks are described in the business review and risk management framework sections on pages 1 and 2.

The Company has adequate financial resources due to the Company's own net current asset position. The directors have reviewed projected cash flows for a period of one year from the date of signing these financial statements and have concluded that the Company has sufficient funds to continue trading for this period and the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The directors believe that the Company has adequate financial resources due to the available cash resources of the AA Limited group and more specifically, the AA Intermediate Co Limited group, which can be drawn upon.

For the AA Limited group's longer-term viability, it remains a key assumption of its directors that the AA Limited group continues to have ready access to public debt markets to enable its borrowings to be refinanced in due course. The AA Limited group directors propose a refinancing of the group's Class A5 Notes in advance of their maturity on 31 January 2022. The directors understand that the outstanding £1,997m Class A Notes are trading at a price near par with yields below 4% which indicate that the debt market considers the refinancing risk of the Class A5 Notes to be low. Given the significant deleveraging of the debt at both A Notes and B Notes level, the current pricing of A Notes in the secondary debt markets and the existing Investment Grade rating of BBB- of the A Notes to be issued, the directors are, on this basis, confident that this refinancing will be successful. At the date of approval of these financial statements, there is no other debt with a maturity date within 12 months from the issue of these financial statements.

The AA Limited group directors have considered these points along with the projected cash flows, for a period of one year from the date of approval of these financial statements and have concluded that they have confidence that the AA Limited group will have sufficient funds to continue trading for this period and will be able to secure financing so as to be able to continue to meet its liabilities as they fall due. For more detail see page 60 of the AA Limited group's Annual Report. However, as noted above, the refinancing of the Class A5 Notes, due on 31 January 2022, is not committed at the date of issue of these financial statements. Further to this, the Company has intercompany receivables from and payables to other members of the AA Intermediate Co Limited group, for which settlement is dependent on successful refinancing. This has been reviewed by the directors of the Company in the context of its status as a subsidiary of the AA Intermediate Co Limited group.

These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern for a period of in excess of a year from the date of issue of these financial statements.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

## AA BOND CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 2 Accounting policies

##### 2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and Companies (Jersey) Law 1991. The financial statements are prepared under the historical cost convention.

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.

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 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 (new accounting standards that have been issued but are not yet effective),
- The requirements in IAS 24, 'Related party disclosures' to disclose all related party transactions entered into between two or more members of a group,
- IAS 24 'Related party disclosures' (key management compensation),

##### **New standards, amendments and IFRIC interpretations**

The Company did not identify any new accounting standards coming into effect in the current year with an impact on the financial statements. A number of new accounting standards, amendments and interpretations have been issued and will be effective for years beginning after 1 February 2021, however the Company has not identified any with an expected effect on the financial statements.

##### 2.2 Critical accounting estimates and judgements

Management have exercised judgement in applying the Company's accounting policies. The principle judgements involving a higher degree of judgement and complexity, where the assumptions are significant to the financial statements, relate to how refinancing transactions are accounted for under IFRS 9 (see notes 5, 9 and 11). There were no critical accounting estimates in preparing these financial statements.

## AA BOND CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 2.3 Significant accounting policies

##### a) Taxation

Tax on the profit or loss for the year comprises current 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.

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.

##### b) Financial assets and financial 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. The Company recognises loss allowances for expected credit losses (ECLs) on relevant financial assets.

###### *Other receivables and other payables*

Other receivables due within one year or after more than one year which are subject to an Issuer/Borrower Loan Agreement (IBLA) are therefore subject to the same terms as the Company's Borrowings. Other receivables due within one year which are not subject to an IBLA are not interest bearing and are recognised initially at fair value and are subsequently held at amortised cost.

Other payables due within one year are not interest bearing and are recognised initially at fair value and are subsequently held at amortised cost.

Loan receivables are included in other receivables and recognised at fair value through profit or loss.

###### *Borrowings*

Borrowings are initially recognised in the statement of financial position at fair value less transaction costs incurred directly in connection with the issue of the instrument and are subsequently held at amortised cost. Finance costs in respect of the instruments, including premiums and discounts on issue, are capitalised at inception and charged to the income statement over the term of the instrument using the effective interest method. Remaining issue costs on debt are written off to the income statement when the debt is extinguished.

An exchange with an existing lender of debt instruments with substantially different terms, or a substantial modification of the terms of an existing financial liability or a part of it, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

## AA BOND CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 2.3 Significant accounting policies (continued)

##### c) Finance income

Interest receivable relates to interest received from a fellow subsidiary undertaking under the IBLA which permits the Company to recharge its expenses.

##### d) Finance costs

Finance costs comprise interest payable and amortisation of debt issue fees.

#### 3 AUDITORS' REMUNERATION

Auditors' remuneration in respect of the audit of the Company's financial statements for the year ended 31 January 2021 amounted to £23k (2020: £21k). In addition, fees for non-audit services provided by the Company's auditors were £469k (2020: £nil), relating to audit-related assurance services.

#### 4 FINANCE INCOME

	2021 £'000	2020 £'000
Interest receivable from fellow subsidiary undertakings	158,518	138,729
Net gain on settlement of debt	-	3
	<u>158,518</u>	<u>138,732</u>

**AA BOND CO LIMITED**

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

**5 FINANCE COSTS**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest on external borrowings	129,185	124,992
Amortisation of debt issue fees	9,437	13,735
Debt repayment premium	6,338	-
Debt issue fees immediately written off following repayment of borrowings	4,462	-
Unamortised debt issue fees written off following repayment of borrowings	9,091	-
<b>Total finance costs</b>	<b>158,513</b>	<b>138,727</b>

During the current year, the Company issued £325,000k of Class A8 Notes in exchange for £325,000k of Class A5 Notes. As a result, the Company incurred additional finance costs associated with this refinancing of £19,891k, consisting of £6,338k of exchange premium, £4,462k of transaction fees and a £9,091k write-off of unamortised issue fees associated with the Class A5 Notes.

During the current year, the Company also issued £280,000k of Class B3 Notes. This was not a modification of any existing debt and so associated issue fees were capitalised.

**6 INCOME TAX EXPENSE**

The major components of the income tax expense are:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax:</b>		
- Current income tax charge	1	1
<b>Total income tax expense</b>	<b>1</b>	<b>1</b>

Reconciliation of income tax expense to profit before tax multiplied by UK's corporation tax rate:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Profit before tax	5	5
Tax at rate of 19.0% (2020: 19.0%)	1	1
<b>Income tax expense reported in the income statement</b>	<b>1</b>	<b>1</b>

The Company is incorporated in Jersey but not resident in Jersey as its business is centrally managed and controlled in the UK it is therefore tax resident in the UK.

## AA BOND CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 7 TRADE AND OTHER RECEIVABLES

	2021 £'000	2020 £'000
<b>Amounts receivable after one year</b>		
Amounts owed by group undertakings	<u>2,182,989</u>	<u>2,534,708</u>
	<b>2,182,989</b>	<b>2,534,708</b>

The Company has entered into a number of Issuer/Borrower Loan Agreements (IBLAs) with AA Senior Co Limited. As a result of these agreements, the proceeds from the loan notes issued by the Company were loaned to AA Senior Co Limited. The terms of these intercompany loans reflect the terms and costs of the loan notes held by the Company. The element of the amounts owed by group undertakings which relate to the IBLAs are per the borrowings note below, see note 9.

	2021 £'000	2020 £'000
<b>Amounts receivable within one year</b>		
Other taxation and social security	-	3
Amounts owed by group undertakings	<u>1,241,877</u>	<u>935,591</u>
	<b>1,241,877</b>	<b>935,594</b>

Within amounts owed by group undertakings within one year, £367,050k is subject to an IBLA and is therefore subject to the same terms as the Company's Borrowings. All other amounts owed by group undertakings within one year are unsecured, have no repayment terms and bear no interest.

#### 8 TRADE AND OTHER PAYABLES

	2021 £'000	2020 £'000
Trade payables	-	6
Amounts owed to group undertakings	<u>874,655</u>	<u>735,611</u>
Accruals	<u>9,648</u>	<u>29</u>
	<b>884,303</b>	<b>735,646</b>

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

**AA BOND CO LIMITED**

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

**9 BORROWINGS**

	Expected maturity date	Interest rate	Principal £'000	Issue costs £'000	Amortised issue costs £'000	Total at 31 January 2021 £'000	Total at 31 January 2020 £'000
Class A2 Notes	31 July 2025	6.27%	500,000	(819)	540	<b>499,721</b>	499,659
Class A3 Notes	31 July 2020	4.25%	-	-	-	-	199,919
Class A5 Notes	31 January 2022	2.88%	372,249	(25,239)	20,040	<b>367,050</b>	677,746
Class A6 Notes	31 July 2023	2.75%	250,000	(3,774)	2,212	<b>248,438</b>	247,810
Class A7 Notes	31 July 2024	4.88%	550,000	(8,140)	3,428	<b>545,288</b>	543,937
Class A8 Notes	31 July 2027	5.50%	325,000	(3,114)	413	<b>322,299</b>	-
Class B2 Notes	31 July 2022	5.50%	569,762	(15,990)	13,471	<b>567,243</b>	565,556
Class B3 Notes	31 January 2026	6.50%	280,000	(9,521)	12	<b>270,491</b>	-
		<b>5.03%</b>	<b>2,847,011</b>	<b>(66,597)</b>	<b>40,116</b>	<b>2,820,530</b>	2,734,627

The Company's borrowings are presented in current and non-current liabilities as below:

	2021 £'000	2020 £'000
<b>Current</b>		
Borrowings	<b>637,541</b>	199,919
<b>Non-current</b>		
Borrowings	<b>2,182,989</b>	2,534,708
	<b>2,820,530</b>	2,734,627

At 31 January 2021, the current borrowing of £637,541k comprises:

- £367,050k carrying value of £372,249k Class A5 Notes for which the expected maturity date is 31 January 2022
- £270,491k carrying value of £280,000k Class B3 Notes (see below)

At 31 January 2020, the current borrowing of £199,919k related to the Class A3 Notes which were repaid on their expected maturity date of 31 July 2020.

At 31 January 2021, the £280,000k Class B3 Notes were contingent on the completion of the Acquisition and as such have been presented as a current liability at the year end. This matches the presentation as a current asset of the £280,000k proceeds of Class B3 Notes issuance held in escrow (see below). At the date of approval of these financial statements, the Acquisition has completed and the Class B3 Notes are therefore no longer contingent on that event.

## AA BOND CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 9 BORROWINGS (continued)

	2021	2020
	£'000	£'000
<b>Current assets</b>		
Proceeds of Class B3 Notes issuance held in escrow	280,000	-

Proceeds of Class B3 Notes issuance held in escrow of £280,000k (2020: £nil) relate to the cash proceeds from the issuance of Class B3 Notes on 29 January 2021. At 31 January 2021, these proceeds were held in a secured escrow account on behalf of the Company, its Class B Note Trustee and the Class B3 Noteholders as secured creditors. These funds could only be used for the purposes of redeeming the Company's Class B2 Notes or repaying the Class B3 Noteholders should the Class B2 Notes not have been redeemed. At the date of approval of these financial statements, the proceeds of Class B3 Notes issuance held in escrow have been used to redeem the Class B2 Notes.

At 31 January 2021, all borrowings have fixed interest rates. The weighted average interest rate for all borrowings of 5.03% has been calculated using the interest rate and principal values on 31 January 2021.

On 5 February 2020, the Company issued £325,000k of Class A8 Notes at an interest rate of 5.50% in exchange for £325m of Class A5 Notes. £3,114k of new issue premium associated with the issue of the Class A8 Notes was capitalised. In line with accounting for a substantial modification of a debt instrument under IFRS 9, costs of £19,891k associated with the issue of the Class A8 Notes and the cancellation of the Class A5 Notes were written off, consisting of £6,338k of exchange premium, £4,462k of transaction fees and £9,091k of unamortised issue costs associated with the Class A5 Notes.

On 23 April 2020, the Group announced that it had drawn down in full its £199,667k Senior Term Facility. The proceeds were held in escrow and subsequently released to refinance the Company's remaining £200,000k Class A3 Notes on 31 July 2020.

On 29 January 2021, the Company issued £280,000k of Class B3 Notes at an interest rate of 6.50%. £9,521k of issuance fees associated with the issue of the Class B3 Notes were capitalised and will be amortised over the expected maturity of the debt. At 31 January 2021, the cash proceeds were held in a secured escrow account on behalf of the Company its Class B Note Trustee and the Class B3 Noteholders as secured creditors. These funds could only be used for the purposes of redeeming the Company's Class B2 Notes or repaying the Class B3 Noteholders should the Class B2 Notes not have been redeemed.

At 31 January 2021, AA Limited held £28,896k at principal value of repurchased Class B2 Notes in the Company (2020: £28,896k).

On 10 March 2021, AA Limited released the Company from the £28,896k Class B2 Notes described above to then refinance the remaining £540,866k outstanding Class B2 Notes using £260,866k cash injected as new equity from the Consortium and the £280,000k proceeds from the issuance of the Class B3 Notes which were released from escrow. There was no premium paid on repayment of the Class B2 Notes. See note 11 for further detail.

In order to show the Company's net borrowings, the notes and the issue costs have been offset. Issue costs are shown net of any premium on the issue of borrowings.

## AA BOND CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 9 BORROWINGS (continued)

All of the Class A Notes are secured by first ranking security in respect of the undertakings and assets of AA Intermediate Co Limited and its subsidiaries. The Class A facility security over the AA Intermediate Co Limited group's assets ranks ahead of the Class B2 Notes and Class B3 Notes. The Class B2 Notes and Class B3 Notes have first ranking security over the assets of the immediate parent undertaking of the AA Intermediate Co Limited group, AA Mid Co Limited. AA Mid Co Limited can only pay a dividend when certain Net Debt to Trading EBITDA and cash flow criteria are met. Any voluntary early repayments of the Class A Notes would incur a make-whole payment of all interest due to expected maturity date, except the Class A5, Class A6, Class A7 and Class A8 Notes which can be settled without penalty within three months, two months, three months and six months respectively of the expected maturity date. The Class B3 Notes would attract a make-whole payment if they were to be redeemed before 31 January 2023, thereafter any voluntary repayment would be made at a fixed premium until 31 January 2025 after which there would be no premium to pay on redemption. All of the Company's loan notes are listed on the Irish Stock Exchange.

In order to comply with the requirements of the Class A notes, the AA Intermediate Co Limited group is required to maintain its Class A free cash flow to debt service ratio in excess of 1.35x. The actual Class A free cash flow to debt service ratio as at 31 January 2021 was 2.5x (2020: 3.4x). Following redemption of the Company's Class B2 Notes on 10 March 2021, the Group no longer has to comply with any Class B free cash flow to debt service ratio requirements.

The Class A Notes only permit the release of cash providing the Senior Leverage ratio after payment is less than 5.5x and providing there is sufficient excess cash flow to cover the payment. The actual Senior Leverage ratio as at 31 January 2021 was 6.5x (2020: 6.2x). The Class B Notes restrictions only permit the release of cash providing the Fixed Charge Coverage ratio after payment is more than 2:1 and providing that the aggregate payments do not exceed 50% of the accumulated consolidated net income. The actual Fixed Charge Coverage ratio as at 31 January 2021 was 2.4x (2020: 2.6x).

The Class A and Class B Notes therefore place restrictions on the Group's ability to upstream cash from the key trading companies to pay external dividends and finance activities unconstrained by the restrictions embedded in the debts.

On 5 February 2020, S&P Global Ratings reaffirmed the credit rating of the Company's Class A Notes at BBB- and the Class B2 Notes at B+. On 23 April 2020, as part of its Senior Term Facility drawdown process, the Group announced that S&P confirmed the credit rating on the Class A Notes at BBB-. On 29 January 2021, S&P Global Ratings assigned the credit rating of the Class B3 Notes at B+ and reaffirmed the credit rating of the Group's Class A Notes at BBB- and the Class B2 Notes at B+.

#### Fair value

The Company's borrowings are financial liabilities with carrying values approximate to their fair values, which can be measured using quoted market prices in an actively traded market for identical assets or liabilities (falling under the 'Level 1' fair value category).

	2021 £'000	2020 £'000
<b>Loan notes</b>		
Carrying value	<b>2,820,530</b>	2,734,627
Fair value measurement using quoted market prices	<b>3,007,000</b>	2,772,000

## AA BOND CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 10 CALLED UP SHARE CAPITAL

	2021	2020
	£	£
Allotted, called up and fully paid		
2 (2020: 2) ordinary shares of £1	<b>2</b>	<b>2</b>

The Company did not pay any dividends in the year (2020: £nil).

#### 11 EVENTS AFTER THE REPORTING PERIOD

##### The Acquisition

On 9 March 2021, the Company's ultimate controlling party and parent undertaking, AA Limited (previously AA plc), was acquired by Basing Bidco Limited, a company controlled by TowerBrook Capital Partners (U.K.) LLP and Warburg Pincus International LLC (together, 'the Consortium'). AA Limited's ordinary shares were de-listed from the London Stock Exchange on 10 March 2021. AA Limited was re-registered as a private company on 17 March 2021. A number of new holding companies were incorporated above Basing Bidco Limited and the ultimate parent undertaking of the Company became Basing Consortiumco Limited.

##### Refinancing of the Class B2 Notes

On 29 January 2021, the Company issued £280,000k of Class B3 Notes (see note 9). The gross proceeds of the issuance of the Class B3 Notes were held in escrow for the benefit of the Class B3 Noteholders until the completion of the Acquisition. On 10 March 2021, these funds were released from escrow and combined with an equity contribution of £260,866k from Bidco in order to prepay and redeem the Class B2 Notes. In addition, £28,896k aggregate principal amount of Class B2 Notes which were held by AA Limited were surrendered for cancellation. As a result, all £569,762k of outstanding Class B2 Notes were redeemed as part of this refinancing.

Summary of borrowings as at 10 March 2021:

	Expected maturity date	Interest rate	Principal £'000	Issue costs £'000	Amortised issue costs £'000	Total at 5 February 2021 £'000
Class A2 Notes	31 July 2025	6.27%	500,000	(819)	550	<b>499,731</b>
Class A5 Notes	31 January 2022	2.88%	372,249	(25,239)	20,880	<b>367,890</b>
Class A6 Notes	31 July 2023	2.75%	250,000	(3,774)	2,313	<b>248,539</b>
Class A7 Notes	31 July 2024	4.88%	550,000	(8,140)	3,645	<b>545,505</b>
Class A8 Notes	31 July 2027	5.50%	325,000	(3,114)	480	<b>322,366</b>
Class B3 Notes	31 July 2026	6.50%	280,000	(9,521)	318	<b>270,797</b>
		<b>4.91%</b>	<b>2,277,249</b>	<b>(50,607)</b>	<b>28,186</b>	<b>2,254,828</b>

## AA BOND CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 12 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is a wholly owned subsidiary of AA Intermediate 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 Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA. At 31 January 2021, the ultimate controlling party and parent undertaking, which is also the parent of the largest group to consolidate these financial statements, was AA Limited (see note 11) whose registered office is at Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA.

Copies of the consolidated AA Limited and AA Intermediate Co Limited financial statements are available from the website [www.theaacorporate.com/investors](http://www.theaacorporate.com/investors).