

**AA SENIOR CO LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2024**

**Registered number: 05663655**

**AA SENIOR CO LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2024**  
**STRATEGIC REPORT**

The Directors present their annual report and audited financial statements of AA Senior Co Limited (“the Company”) for the year ended 31 January 2024.

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

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

The principal activity of the Company is that of a financing company for the AA Limited Group (“Group” or “The AA”).

Despite a challenging macroeconomic environment, with higher interest rates impacting the cost of refinancing, the Company remains in a resilient 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 incurred finance costs of £148m (2023: £131m) in the year 31 January 2024 and earned income of £150m (2023: £134m), comprising £149m (2023: £124m) from shares in Group undertakings, £1m interest income from bank deposits (2023: £nil) and £nil from the fair value movement of the gilt lock (2023: £10m). A profit after tax of £45m for the year (2023: £36m) was made, largely due to group relief earned in the current year. The statement of financial position shows the Company's financial position at the year end. The Company has net assets of £516m (2023: £474m).

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 (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 37-38 of AA Limited's Annual Report 2024, with whom the Company shares common directorship and management structure.

**RISK MANAGEMENT FRAMEWORK**

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, in order to achieve its strategic objectives. The levels of risk are articulated through a series of risk appetite statements, and we monitor ourselves closely against the statements through our risk governance and our risk management framework. Further information about the corporate governance arrangements for The AA is set out in the Directors' Report on pages 41-46 of the AA Limited Annual Report and Accounts 2024.

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 stated risk appetite.

- First line of defence: the business units that run the business, they 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, they are accountable for providing oversight, challenge and advice to the first line.
- Third line of defence: The AA's Internal Audit function, they are accountable for providing assurance to the business by performing independent reviews of the first and second lines of defence.

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

- risks are made visible
- risks are discussed and understood
- risks are owned and managed
- appropriate action is taken
- risks are used for opportunities; and
- we learn from our experience

**AA SENIOR CO LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2024**  
**STRATEGIC REPORT (continued)**

**RISK MANAGEMENT FRAMEWORK (continued)**

The risk management framework is comprised of the five pillars set out below.

<b>Risk culture and governance</b>	The processes and structures to demonstrate to the AA Limited Board that effective risk management, oversight and assurance is being undertaken for all key risks faced by The AA.
<b>Strategy and objectives</b>	The process to ensure that risk is considered as part of strategy and objectives, including the direction it sets for taking, avoiding and considering opportunity from risk.
<b>Risk identification and prioritisation</b>	A set of key risk categories to identify where The AA has, or is likely to have, material risk exposures and the activities we perform to prioritise our actions.
<b>Risk management and controls</b>	A set of processes to review and assess the risk and control environment. Risks are assessed on an inherent (no controls), residual (with controls) and target basis to help senior management understand and manage their risk exposures.
<b>Risk reporting and communication</b>	The information and reporting in place to support senior management in discharging their risk management accountabilities effectively and to help them make informed, risk-based decisions.

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

*Financial Risk*

The risk that the geopolitical environment, interest rate costs, inflationary pressures and the rising cost of living has a negative impact on consumer behaviour and/or our business.

This risk could lead to a shrinking customer base and/or increased cost base reducing the financial performance of the Group and/or materially impact our debt refinancing.

The profile of this risk has changed through FY24 with a period of high inflation, now beginning to reduce to expected levels for FY25. The Group continues to diversify its product offering and invest in innovation to adapt and respond to changes in consumer behaviours. We have continued to work with suppliers and third-party partners to manage our cost base to manage the impact of a high inflationary environment.

The Group successfully refinanced £550m of A7 Notes in FY24 and due to positive Group performance, was also able to repurchase and cancel £61m of A2 Notes in the year. The Group is highly cash generative and has good levels of available cash as well as a Working Capital facility of £56m, of which £46m is available for cash drawings, allowing it to withstand such macroeconomic challenges.

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. 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. For more detail, see Note 1.

**AA SENIOR CO LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2024**  
**STRATEGIC REPORT (continued)**

**RISK MANAGEMENT FRAMEWORK (continued)**

*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 Group monitors the recoverability of intercompany balances to ensure that there are sufficient resources to meet each counterparty's obligation.

ON BEHALF OF THE BOARD



M NEVILLE  
DIRECTOR  
22 MAY 2024

Registered Office: Fanum House, Basing View, Basingstoke, Hampshire RG21 4EA  
Registered number: 05663655

**AA SENIOR CO LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2024**

**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  
T O Mackay

**COMPANY SECRETARY**

J 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 2024 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.

**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.

**AA SENIOR CO LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2024**  
**DIRECTORS' REPORT (continued)**

**GOING CONCERN**

The Company's business activities, future developments 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.

Due to the net current liabilities position of the Company, a letter of support has been granted by Automobile Association Developments Limited in order to allow the Directors, alongside the discussions outlined below, to conclude that the Company can meet its liabilities as they fall due. AA Senior Co Limited is a wholly owned subsidiary of the Group, hence the going concern status of the Company is linked to the wider Group. The Company Directors have reviewed and stress-tested projected cash flows of the Group for a period of at least one year from the date of signing of these financial statements and have concluded, with the AA Limited Group Directors, that the Company has sufficient funds to continue trading during this period and the foreseeable future and will be able to secure financing so as to be able to continue to meet its liabilities as they fall due.

The Group continues to seek to refinance its debt within good time of its scheduled maturity, including the refinancing of £439m of A2 Notes which have a maturity date of 31 July 2025. On 22 May 2024 the Group issued £435m of A12 Notes with a maturity date of 31 July 2031. A portion of the A12 proceeds will be used to settle a tender offer of the A2 Notes on 23 May 2024, and the remaining balance will be held in a mandatory repayment account to be used to repay the outstanding A2 Notes.

For more detail see page 45 of the AA Limited group's Annual Report. For the Group's longer-term viability, it remains a key assumption of its Directors that the Group continues to have ready access to public debt markets to enable its borrowings to be refinanced at affordable rates of interest.

After making appropriate enquiries, the Company's directors have, at the time of approving these financial statements, a reasonable expectation that the AA Limited group and the Company have adequate resources to continue in operational existence for the foreseeable future and, as a consequence, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

**DIVIDENDS**

The Company has not paid a dividend in the year (2023: £nil) and the Directors do not propose the payment of a final dividend (2023: £nil). The Company received dividends of £149m (2023: £124m) from subsidiary undertakings.

**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.

ON BEHALF OF THE BOARD



M NEVILLE  
DIRECTOR  
22 MAY 2024

Registered Office: Fanum House, Basing View, Basingstoke, Hampshire RG21 4EA  
Registered number: 05663655

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

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 January 2024 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 2024; 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.

### 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.

## AA SENIOR CO LIMITED

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 2024 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 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 profit and the potential for management bias in accounting estimates. Audit procedures performed by the engagement team included:

## AA SENIOR CO LIMITED

- 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, in particular in relation to the subsidiary investment impairment assessment.
- 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.
- 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](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 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  
24 May 2024

# AA SENIOR CO LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2024

	Note	2024 £m	2023 £m
Finance income	5	1	10
Finance costs	6	(148)	(131)
<b>OPERATING LOSS</b>		<b>(147)</b>	<b>(121)</b>
Income from shares in Group undertakings	7	149	124
<b>PROFIT BEFORE TAX</b>		<b>2</b>	<b>3</b>
Tax on profit	8	43	33
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>45</b>	<b>36</b>

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

**AA SENIOR CO LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 JANUARY 2024**

	Note	2024 £m	2023 £m
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>45</b>	<b>36</b>
<b>Other comprehensive (expense)/income on items that may be reclassified to income statement in subsequent years</b>			
Reclassification from cash flow hedge reserve to income statement		(7)	(2)
Cash flow hedges fair value changes		3	11
Tax effect of effective portion of changes in fair value of cash flow hedges	8	1	(2)
<b>TOTAL OTHER COMPREHENSIVE (LOSS)/INCOME</b>		<u><b>(3)</b></u>	<u><b>7</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>42</b></u>	<u><b>43</b></u>

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

**AA SENIOR CO LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JANUARY 2024**

	Note	2024 £m	2023 £m
<b>NON-CURRENT ASSETS</b>			
Investments in subsidiaries	9	3,437	3,437
Derivative financial instruments	12	11	14
		<u>3,448</u>	<u>3,451</u>
<b>CURRENT ASSETS</b>			
Other receivables	10	3,006	2,988
Cash and cash equivalents	11	-	5
		<u>3,006</u>	<u>2,993</u>
<b>TOTAL ASSETS</b>		<u><b>6,454</b></u>	<u><b>6,444</b></u>
<b>CURRENT LIABILITIES</b>			
Other payables	13	(3,692)	(3,652)
Current tax payable		(4)	(4)
		<u>(3,696)</u>	<u>(3,656)</u>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	13	(2,073)	(2,160)
Borrowings	14	(165)	(149)
Deferred tax liabilities	8	(4)	(5)
		<u>(2,242)</u>	<u>(2,314)</u>
<b>TOTAL LIABILITIES</b>		<u><b>(5,938)</b></u>	<u><b>(5,970)</b></u>
<b>NET ASSETS</b>		<u><b>516</b></u>	<u><b>474</b></u>
<b>EQUITY</b>			
Called up share capital	15	-	-
Share premium account		20	20
Cash flow hedge reserve		8	11
Accumulated losses		(1,173)	(1,218)
Capital contribution reserve		1,661	1,661
<b>TOTAL EQUITY</b>		<u><b>516</b></u>	<u><b>474</b></u>

The financial statements on pages 9-25 were approved by the Board of Directors on 22 May 2024 and signed on its behalf by:



M NEVILLE  
DIRECTOR

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

**AA SENIOR CO LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 JANUARY 2024**

	Share premium	Accumulated losses	Cash flow hedge reserve	Capital contribution reserve	Total equity
	£m	£m	£m	£m	£m
<b>At 1 February 2022</b>	<b>20</b>	<b>(1,254)</b>	<b>4</b>	<b>1,661</b>	<b>431</b>
Profit for the financial year	-	36	-	-	36
Cash flow hedges fair value changes	-	-	11	-	11
Reclassification from cash flow hedge reserve	-	-	(2)	-	(2)
Tax effect	-	-	(2)	-	(2)
Other comprehensive income	-	-	7	-	7
Total comprehensive income	-	36	7	-	43
<b>At 31 January 2023</b>	<b>20</b>	<b>(1,218)</b>	<b>11</b>	<b>1,661</b>	<b>474</b>
Profit for the financial year	-	45	-	-	45
Cash flow hedges fair value changes	-	-	3	-	3
Reclassification from cash flow hedge reserve	-	-	(7)	-	(7)
Tax effect	-	-	1	-	1
Other comprehensive loss	-	-	(3)	-	(3)
Total comprehensive income	-	45	(3)	-	42
<b>At 31 January 2024</b>	<b>20</b>	<b>(1,173)</b>	<b>8</b>	<b>1,661</b>	<b>516</b>

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

# AA SENIOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1 PRESENTATION OF FINANCIAL STATEMENTS

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

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

#### Going concern

The Company's business activities, future developments 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.

Due to the net current liabilities position of the Company, a letter of support has been granted by Automobile Association Developments Limited in order to allow the Directors, alongside the discussions outlined below, to conclude that the Company can meet its liabilities as they fall due. AA Senior Co Limited is a wholly owned subsidiary of the Group, hence the going concern status of the Company is linked to the wider Group. The Company Directors have reviewed and stress-tested projected cash flows of the Group for a period of at least one year from the date of signing of these financial statements and have concluded, with the AA Limited Group Directors, that the Company has sufficient funds to continue trading during this period and the foreseeable future and will be able to secure financing so as to be able to continue to meet its liabilities as they fall due.

The Group continues to seek to refinance its debt within good time of its scheduled maturity, including the refinancing of £439m of A2 Notes which have a maturity date of 31 July 2025. On 22 May 2024 the Group issued £435m of A12 Notes with a maturity date of 31 July 2031. A portion of the A12 proceeds will be used to settle a tender offer of the A2 Notes on 23 May 2024, and the remaining balance will be held in a mandatory repayment account to be used to repay the outstanding A2 Notes.

For more detail see page 45 of the AA Limited group's Annual Report. For the Group's longer-term viability, it remains a key assumption of its Directors that the Group continues to have ready access to public debt markets to enable its borrowings to be refinanced at affordable rates of interest.

After making appropriate enquiries, the Company's directors have, at the time of approving these financial statements, a reasonable expectation that the AA Limited group and the Company have adequate resources to continue in operational existence for the foreseeable future and, as a consequence, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

### 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 the Companies Act 2006 as applicable to companies using FRS 101. The financial statements are prepared under the historical cost convention as modified by the measurement of derivatives at fair value. The Company takes the exemption under IFRS 10 paragraph 4 and section 400 of the Companies Act 2006 from presenting consolidated financial statements.

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 is a wholly owned subsidiary of AA Acquisition Co Limited and is included in the consolidated financial statements of the AA Limited, which are publicly available.

# AA SENIOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2 ACCOUNTING POLICIES (continued)

#### 2.1 Basis of preparation (continued)

The Company has therefore 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 7 'Statement of cash flows',
- IFRS 7 'Financial Instrument Disclosures',
- IAS 8 paragraphs 30 and 31 (new accounting standards that have been issued but are not yet effective),
- IFRS 13 paragraphs 91 – 99 'Fair Value measurement',
- 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 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 2024, however the Company has not identified any with an expected material impact on the financial statements.

#### 2.2 Critical accounting estimates and judgements

Estimates are evaluated regularly 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 has 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 and include i) the assumptions for future growth of cash flows to support the value in use calculations for the investment impairment review, and ii) the collectability of intercompany balances in support of the credit loss allowance assessment on intercompany receivables.

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

##### *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 2024 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.

# AA SENIOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2 ACCOUNTING POLICIES (continued)

#### 2.2 Critical accounting estimates and judgements (continued)

##### *Investments (continued)*

This differs from the AA Limited company financial statements in which it was considered that using an alternative 'dividend distribution model' would best reflect an investor's assessment of the return required. 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 9 for details).

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:

##### *Intercompany 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.

#### 2.3 Material accounting policies

##### a) Investments in Group undertakings

Investments are held at cost less impairment. The carrying amounts of the Company's investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless they arise on a previously revalued fixed asset.

The recoverable amount of investments is the greater of their fair value less costs to sell and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an investment of equal risk.

##### b) Taxation

Tax on the profit or loss 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. Group relief is paid at the value of the tax saving.

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.

## AA SENIOR CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 2 ACCOUNTING POLICIES (continued)

#### 2.3 Material accounting policies (continued)

##### b) Taxation (continued)

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.

##### c) Financial instruments

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 are generally due for settlement within 30 days and are therefore all classified as current. They 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 other receivables.

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.

Other payables are not interest bearing and are recognised at fair value and are subsequently held at amortised cost.

##### *Derivative financial instruments*

The Company's capital structure exposes it to the financial risk of changes in interest rates. The Company uses interest rate swap to hedge this exposure.

Derivative financial instruments are recorded in the statement of financial position at fair value. The fair value of derivative financial instruments is determined by reference to market values for those financial instruments. The gain or loss on remeasurement to fair value is recognised immediately in the income statement unless they qualify for hedge accounting as described below.

##### *Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the cash flow hedge reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

In the same period or periods during which the hedged expected future cash flows affect profit or loss, the associated cumulative gain or loss on the hedged forecast transaction is removed from equity and recognised in the income statement.

When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

## AA SENIOR CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 2 ACCOUNTING POLICIES (continued)

##### 2.3 Material accounting policies (continued)

###### *Debt instruments*

Debt is 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 subsequently measured at amortised cost. Debt issue fees in respect of the instrument, 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.

###### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with an original maturity less than three months. Restricted cash is cash which is subject to contractual or regulatory restrictions.

##### **d) 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. 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.

#### 3 AUDITORS' REMUNERATION

Auditors' remuneration in respect of the audit of the Company's financial statements for the year ended 31 January 2024 amounted to £34k (2023: £30k). The Company's auditors provided no services to the Company other than the annual audit during either of the years under review. Fees for audit services are settled on behalf of the Company by AA Corporation Limited, a fellow subsidiary.

## AA SENIOR CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 4 DIRECTORS' REMUNERATION

	2024 £m	2023 £m
Aggregate remuneration in respect of qualifying services	1	1
Share based payments	-	-
Compensation for loss of office	-	-
<b>Total</b>	<b>1</b>	<b>1</b>
The amounts paid in respect of the highest paid Director were as follows:		
Remuneration	1	1
Compensation for loss of office	-	-
<b>Total</b>	<b>1</b>	<b>1</b>

Retirement benefits are accruing for 1 (2023: 1) Directors under a money purchase scheme and no Directors (2023: nil) under a defined benefit scheme. There was compensation to Directors for loss of office in the year of nil (2023: £nil).

The Company had no employees throughout the year (2023: nil).

All Directors of the Company are also Directors of the ultimate parent undertaking (Basing ConsortiumCo Limited) and/or fellow subsidiaries. These Directors are remunerated by another company that is part of the Basing ConsortiumCo Limited group. As 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 the ultimate parent undertaking and fellow subsidiary companies, their full remuneration has been reflected in the disclosure above.

#### 5 FINANCE INCOME

	2024 £m	2023 £m
Fair value movement on gilt lock	-	10
Interest income on bank deposits	1	-
	<b>1</b>	<b>10</b>

In the prior year, a series of gilt lock hedges totalling £250m were transacted to fix in advance the underlying gilt yield used for the issuance of the A10 Notes on 13 July 2022. The gilt locks were settled prior to the issuance of the A10 Notes and total cash proceeds of £10m were received by the Group on 6 July 2022. This transaction was accounted for as fair value through profit and loss.

#### 6 FINANCE COSTS

	2024 £m	2023 £m
Interest on borrowing facilities	15	10
Reclassification from cash flow hedge reserve to the income statement	(7)	(2)
Interest on interest rate swaps	1	1
Interest payable to fellow parent undertakings	138	122
Debt management fees	1	-
	<b>148</b>	<b>131</b>

#### 7 INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2024 £m	2023 £m
Dividends from subsidiary undertakings	149	124
	<b>149</b>	<b>124</b>

## AA SENIOR CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 8 TAX

The income tax on profit is made up as follows:

	2024 £m	2023 £m
<b>Current tax:</b>		
- Group relief receivable	(44)	(26)
- Adjustments in respect of prior periods	1	(7)
	(43)	(33)
<b>Deferred tax:</b>		
- Origination and reversal of temporary differences	-	3
- Adjustments in respect of prior periods	-	(3)
	-	-
<b>Total income tax credit reported in the income statement</b>	(43)	(33)

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:

	2024 £m	2023 £m
Profit before tax	2	3
Tax at rate of 24.03% (2023: 19%)	-	1
Effects of:		
Adjustments in respect of prior periods	1	(10)
Intra-group transfer pricing	(8)	-
Dividend income	(36)	(24)
<b>Total income tax credit reported in the income statement</b>	(43)	(33)

The adjustment in the comparative period in respect of prior periods arises on the reversal of prior period provision for restrictions under the Corporate Interest Restriction rules.

#### Reconciliation of net deferred tax liability

	Statement of financial position		Income statement	
	2024 £m	2023 £m	2024 £m	2023 £m
Cashflow hedges	(3)	(4)	-	-
Short-term temporary differences	(1)	(1)	-	-
Deferred tax result	-	-	-	-
Deferred tax liabilities	(4)	(5)	-	-
			2024 £m	2023 £m
Deferred tax liabilities as at 1 February			(5)	(3)
Credit/(Charge) to the Statement of comprehensive income			1	(2)
<b>Deferred tax liabilities as at 31 January</b>			(4)	(5)

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.

The main corporation tax rate increased from 19% to 25% in April 2023. This increase has been reflected in the measurement of deferred tax as at 31 January 2024 and 31 January 2023. The effect of the tax rate increase has not had a material effect on the deferred tax balances during the year.

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

## AA SENIOR CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 9 INVESTMENTS IN SUBSIDIARIES

	2024 £m	2023 £m
<b>Investments in subsidiary undertakings at cost and net book value</b>		
At 1 February and 31 January	<b>3,437</b>	<b>3,437</b>

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

The principal subsidiary undertakings of the Company at 31 January 2024 are:

Name	Country of Incorporation / Registered Office Key	Class of shares held
AA Corporation Limited	England and Wales, UK / A	Ordinary
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	England and Wales, UK / A	Ordinary
Automobile Association Insurance Services Limited	England and Wales, UK / A	Ordinary
Drivetech (UK) Limited	England and Wales, UK / A	Ordinary
Prestige Fleet Servicing Limited	England and Wales, UK / A	Ordinary
Used Car Sites Limited	England and Wales, UK / A	Ordinary

The other subsidiary undertakings of the Company at 31 January 2024 are:

Name	Country of Incorporation / Registered Office Key	Class of shares held
A.A. Pensions Trustees Limited	England and Wales, UK / A	Ordinary
AA Brand Management Limited	England and Wales, UK / A	Ordinary
AA Ireland Pension Trustees DAC	Ireland / B	Ordinary
AA Pension Funding GP Limited	Scotland, UK / C	Ordinary
AA Pension Funding LP	Scotland, UK / C	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
Accident Assistance Services Limited	England and Wales, UK / A	Ordinary
Intelligent Data Systems (UK) Limited	England and Wales, UK / A	Ordinary
Personal Insurance Mortgages and Savings Limited	England and Wales, UK / A	Ordinary
The Automobile Association Limited <sup>1</sup>	Jersey / D	Ordinary

<sup>1</sup> This company also has a UK branch establishment.

#### Registered Office Key

Registered Office	Key
Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA, England	A
6th Floor, South Bank House, Barrow Street, Dublin 4, Ireland	B
Building 1, 9 Haymarket Square, Edinburgh, EH3 8RY, Scotland	C
3rd Floor, 44 Esplanade, St Helier, JE4 9WG, Jersey	D

The Company has performed impairment testing at 31 January 2024 to compare the recoverable amount of the investments in subsidiaries to their carrying value.

**AA SENIOR CO LIMITED**

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

**9 INVESTMENTS IN SUBSIDIARIES (continued)**

The impairment test was principally performed on the directly held subsidiary which is supported by cash flow projections of the underlying AA Corporation Limited group. 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 2024, the Company used the five-year plan, adjusted for expected changes, covering the five years up to 31 January 2029. For the purposes of the impairment test, terminal values have been calculated using a 1.79% growth assumption (2023: 1.95%).

Using an enterprise value model which deducts net debt as at 31 January 2024, cash flows were discounted at a pre-tax rate reflecting the time value of money and the risk specific to these cash flows. This was determined as a pre-tax rate of 11.0% (2023: 11.7%). The equivalent post-tax rate was 8.2% (2023: 8.8%). 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 indicators of impairment in the value of investments in subsidiaries were identified (2023: no indicators of impairment).

The value in use calculation used is most sensitive to the assumptions used for growth and to the discount rate. Changes to these assumptions would impact the value of the headroom calculated. However, neither a 1% increase in the discount rate in the current year nor a 1% reduction in the terminal value growth rate would result in an impairment in the current year. In any case, management believes that neither of these scenarios reflect the most likely true outcome and accordingly, no impairment has been recognised in the current year.

**10 OTHER RECEIVABLES**

	<b>2024</b>	<b>2023</b>
	<b>£m</b>	<b>£m</b>
Amounts owed by Group undertakings	<u>3,006</u>	<u>2,988</u>
	<b>3,006</b>	<b>2,988</b>

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

**11 CASH AND CASH EQUIVALENTS**

	<b>2024</b>	<b>2023</b>
	<b>£m</b>	<b>£m</b>
Restricted cash at bank and in hand	<u>-</u>	<u>5</u>
	<b>-</b>	<b>5</b>

In the prior year, £5m of restricted cash was held in a debt service reserve account to meet the Liquidity Required Amount per the debt document definitions.

**12 DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>2024</b>	<b>2023</b>
	<b>£m</b>	<b>£m</b>
<b>Non-current assets</b>		
Interest rate swap	<u>11</u>	<u>14</u>
	<b>11</b>	<b>14</b>

The interest rate swap is held as a financial asset at fair value through other comprehensive income. Hedge accounting is applied to the interest rate swap.

## AA SENIOR CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 13 OTHER PAYABLES

	2024 £m	2023 £m
<b>Current</b>		
Amounts owed to Group undertakings	3,689	3,650
Accruals	3	2
	<b>3,692</b>	<b>3,652</b>
<b>Non-current</b>		
Amounts owed to Group undertakings	2,073	2,160
	<b>2,073</b>	<b>2,160</b>

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

During the year ended 31 January 2013, the Company entered into an Issuer/Borrower Loan Agreement (IBLA). As a result of this agreement, the proceeds from loan notes issued by AA Bond Co Limited are loaned to the Company and the terms of this intercompany loan reflect the terms of the loan notes held by AA Bond Co Limited. Amounts owed to Group undertakings which relate to the IBLA are as follows:

	Expected maturity date	Interest rate	Principal £m	Issue costs £m	Amortised issue costs £m	Total at 31 January 2024 £m	Total at 31 January 2023 £m
Intercompany balance relating to:							
Class A2 Notes	31 July 2025	6.27%	439	(1)	1	439	500
Class A7 Notes	31 July 2024	4.88%	-	-	-	-	548
Class A8 Notes	31 July 2027	5.50%	325	(3)	1	323	323
Class A9 Notes	31 July 2028	3.25%	270	(4)	2	268	267
Class A10 Notes	31 July 2029	7.38%	385	(16)	1	370	248
Class A11 Notes	31 January 2028	8.45%	400	(4)	1	397	-
Class B3 Notes	31 January 2026	6.50%	280	(10)	6	276	274
		<b>6.41%</b>	<b>2,099</b>	<b>(38)</b>	<b>12</b>	<b>2,073</b>	<b>2,160</b>

Amounts owed to Group undertakings which relate to the IBLA are included in non-current liabilities.

#### 14 BORROWINGS

	Expected maturity date	Interest rate	Principal £m	Issue costs £m	Amortised issue costs £m	Total as at 31 January 2024 £m	Total as at 31 January 2023 £m
Senior Term Facility 2021	10 March 2026	3.49%	150	(1)	1	150	149
Senior Term Facility 2023	10 March 2026	7.17%	15	-	-	15	-
		<b>3.82%</b>	<b>165</b>	<b>(1)</b>	<b>1</b>	<b>165</b>	<b>149</b>

On 10 February 2023 the Company increased its Senior Term Facility by £15m to a total of £165m. The additional £15m Senior Term Facility commitments were drawn on 24 March 2023 and a new interest rate swap was transacted which exchanges SONIA for a fixed interest rate of 4.14%, thereby fixing the incremental £15m of Senior Term Facility borrowings at 7.17% through to 10 March 2026.

## AA SENIOR CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 14 BORROWINGS (continued)

The Company's existing £150m Senior Term Facility is subject to a variable interest rate of SONIA plus a Credit Adjustment Spread of 0.28% plus a margin of 2.75% per annum. The Company has an interest rate swap which fixes the variable SONIA interest rate at 0.46% from 1 August 2021 to 10 March 2026.

#### 15 CALLED UP SHARE CAPITAL

	2024	2023
	£	£
<b>Allotted, called up and fully paid</b>		
1 (2023: 1) ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

The voting rights of the holders of all ordinary shares are the same and all ordinary shares rank pari passu on a winding up.

The Company did not pay any dividends in the year (2023: £nil). The Company does not propose a final dividend (2023: £nil)

#### 16 GUARANTEES AND COMMITMENTS

The Company is an obligor to the bank loans and bond debt of the AA Intermediate Co Limited group. At 31 January 2024, the principal outstanding on the AA Intermediate Co Limited group debt was £2,264m (2023: £2,325m).

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.

The Company also guarantees all Automobile Association Developments Limited's financial obligations to the UK pension scheme, as well as contributions committed by AA Corporation Limited to the Ireland pension scheme.

#### 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings as well as other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include derivative financial instruments and other receivables.

The Company is exposed to market risk, credit risk, and liquidity risk. The Company's senior management oversees the management of these risks, supported by the Group Treasury function. The Group Treasury function ensures that the Company's financial risks are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities are for risk management purposes and are carried out by the Group Treasury function. It is the Company's policy not to trade in derivatives for speculative purposes.

The Directors review and agree policies for managing each of these risks, which are summarised below.

##### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in prices set by the market. The key market risk that the Company is exposed to is future interest rate rises with respect to borrowings. The Company has policies and limits approved by the Board for managing the interest rate risk exposure. The Company's policy is to fully hedge all of its exposure to variable interest rates. The Company therefore takes out interest rate swaps to the value of its variable rate instruments.

## AA SENIOR CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### Market risk (continued)

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	2024 £m	2023 £m
<b>Variable rate instruments</b>		
Financial liabilities	165	149
<b>Net exposure to variable rate instruments</b>	<b>165</b>	<b>149</b>

##### Sensitivity of variable rate instruments

An increase of 50 basis points in interest rates at 31 January 2024 would have increased equity by £nil (2023: £nil) and would have had no impact on profit or cash because the variable rate on the Senior Term Facility is hedged by an interest rate swap.

##### 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 its financial assets, outstanding derivatives and other receivables. The Company assesses its counterparty exposure in relation to the investment of surplus cash and undrawn credit facilities.

The Company primarily uses published credit ratings to assess counterparty strength and therefore to define the credit limit for each counterparty, in accordance with approved treasury policies.

Credit risk in relation to derivative counterparties is managed by the Group Treasury function in accordance with the Company's policy. The limits are set to mitigate financial loss through any potential counterparty failure. The Company's maximum exposure to credit risk for amounts owed by Group undertakings at each reporting date is the carrying amount.

At 31 January 2024 no provision was recognised against amounts owed by Group undertakings (2023: £nil).

##### Liquidity risk

Liquidity risk is the risk that the Company either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. The Company's approach to managing liquidity risk is to evaluate current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and headroom on its working capital facilities.

The table below analyses the maturity of the Company's financial liabilities on a contractual undiscounted cash flow basis and includes any associated debt service costs. The analysis of non-derivative financial liabilities is based on the remaining period at the reporting date to the contractual maturity date.

##### At 31 January 2024:

	Less than 1 year £m	1 - 2 years £m	2-5 years £m	Over 5 years £m	Total £m
Loans and borrowings	8	8	168	-	184
Amounts owed to Group undertakings	3,824	836	1,197	399	6,256
Accruals	3	-	-	-	3
	<b>3,835</b>	<b>844</b>	<b>1,356</b>	<b>399</b>	<b>6,443</b>

## AA SENIOR CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### Liquidity risk (continued)

At 31 January 2023:

	Less than 1 year £m	1 - 2 years £m	2-5 years £m	Over 5 years £m	Total £m
Loans and borrowings	7	7	160	-	174
Amounts owed to Group undertakings	3,752	648	1,265	552	6,217
Accruals	2	-	-	-	2
	3,761	655	1,425	552	6,393

##### Capital management

The Company considers its capital to be represented by Net Debt. The Senior Debt has interest cover covenants attached to it. Compliance with these covenants is managed at an overall Group level. Refer to pages 91-92 of the AA Limited's Annual Report 2024. The Group was in compliance with all covenants throughout the year and as at 31 January 2024.

#### 18 ULTIMATE PARENT UNDERTAKING AND ULTIMATE 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.

The parent of the largest group to consolidate these financial statements is AA Limited whose registered office is Fanum House, Basing View, Basingstoke, Hampshire, RG21 4EA.

At 31 January 2024, the ultimate parent undertaking and controlling party 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](http://www.theaacorporate.com/investors).

#### 19 EVENTS AFTER THE REPORTING PERIOD

##### *Keycare acquisition*

On 1 February 2024 the Group acquired a 100% share in Key Care Ltd ("Keycare") through Automobile Association Insurance Services Limited, a fellow Group undertaking, for total consideration of £10m cash. Keycare is an insurance business offering insurance policies for lost and stolen keys operating in the UK and the Republic of Ireland. The acquisition enables the Group to expand its product base and increase its offerings for both business and consumer customers, enhancing its position in the market.

##### *Liquidity facility renewal*

In February 2024, the Company renewed its £200m liquidity facility which remains undrawn.

##### *A12 issue*

On 22 May 2024 the Group issued £435m of A12 Notes with a maturity date of 31 July 2031. A portion of the A12 proceeds will be used to settle a tender offer of the A2 Notes on 23 May 2024, and the remaining balance will be held in a mandatory repayment account to be used to repay the outstanding A2 Notes.