

**AA SENIOR CO LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2025**

**Registered number: 05663655**

**AA SENIOR CO LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2025**  
**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 2025.

**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 a loss before tax for the year of £18m (2024: profit before tax of £2m). This consists of finance costs of £158m (2024: £148m), administrative expenses of £1m (2024: £nil) offset by earned income of £141m from shares in Group undertakings (2024: £150m earned income, comprising £149m from shares in Group undertakings and £1m interest income from bank deposits). The statement of financial position shows the Company's financial position at the year end. The Company has net assets of £531m (2024: £516m).

Management deems 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 38-40 of AA Limited's Annual Report 2025, 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 43-48 of the AA Limited Annual Report and Accounts 2025.

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

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

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

**AA SENIOR CO LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2025**  
**STRATEGIC REPORT (continued)**

**RISK MANAGEMENT FRAMEWORK (continued)**

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

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

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 on our ability to service debt.

This risk could lead to unfavourable refinancing terms, a shrinking customer base and/or increased cost base all of which could adversely impact the financial performance of the company.

The profile of this risk has changed through FY25 with inflation trending towards expected levels albeit with underlying inflationary pressures persisting. The Group continues to diversify its product offering and invest in innovation to adapt and respond to changing consumer behaviours. The Group has continued to work with its suppliers and third-party partners to manage its cost base and mitigate the impact of a high inflationary environment.

The Group successfully refinanced £439m of Class A2 Notes in FY25 and due to positive Group performance, and the Stonepeak investment in the AA Group, was also able to repurchase and cancel £170m of B3 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 an indirect 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 2025**  
**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



Michael Wing

DIRECTOR  
15 MAY 2025

Registered Office: Level 3, Plant, Basing View, Basingstoke, Hampshire, RG21 4HG  
Registered number: 05663655

**AA SENIOR CO LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2025**  
**DIRECTORS' REPORT**

**DIRECTORS**

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

M Neville (resigned on 29 May 2024)  
M Wing (appointed on 29 May 2024)  
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 2025 and remain in force, in relation to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors of the Group.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with UK Generally Accepted Accounting Practice (UK 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 UK 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 2025**  
**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 AA Limited group ("Group") and is an obligor to its borrowings, hence the going concern status of the Company is linked to the wider Group, which at the reporting date has total borrowings of £2,069m (2024: £2,238m).

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

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

The Group may only make payments against the balance of Class B3 Notes if its senior leverage ratio is below 5.5x. As at the reporting date the ratio was 5.3x allowing the Group to redeem £62m of the outstanding in B3 Notes on 14 May 2025. In the event this ratio increases above 5.5x at the next measurement date (31 July 2025), alternative financing arrangements have been secured via a committed facility with Basing TopCo Limited, an indirect parent of the Group. See Note 18 for further details. Under this arrangement the Group may borrow up to £60m for the purposes of redeeming any remaining Class B3 Notes. This cash would not be subject to the payment restrictions imposed by the senior leverage ratio. The Directors have made appropriate enquiries and are satisfied that Basing TopCo Limited, through its own committed facility with its investors, has access to sufficient liquidity to provide the funding as required.

At the statement of financial position date, the Company had £165m held under Senior Term Facilities due to mature on 10 March 2026. On 19 March 2025, the Company successfully refinanced these facilities. The Company has entered into a new £95m Senior Term Facility and a new £70m fixed rate private placement, both with maturity dates in March 2030. See Note 18 for details.

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

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

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

**AA SENIOR CO LIMITED**  
**FOR THE YEAR ENDED 31 JANUARY 2025**  
**DIRECTORS' REPORT (continued)**

**DIVIDENDS**

The Company has not paid a dividend in the year (2024: £nil) and the Directors do not propose the payment of a final dividend (2024: £nil). The Company received dividends of £141m (2024: £149m) 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



Michael Wing

DIRECTOR

15 MAY 2025

Registered Office: Level 3, Plant, Basing View, Basingstoke, Hampshire, RG21 4HG  
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 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

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

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

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

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

### 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 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the Directors for the financial statements**

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

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

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 cash balances 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 and testing those journals highlighted (if any).
- Incorporating elements of unpredictability into the audit procedures performed.
- Reviewing the disclosures in the Annual Report 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  
16 May 2025

**AA SENIOR CO LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 JANUARY 2025**

	Note	2025 £m	2024 £m
Administrative expenses		(1)	-
Finance income	5	-	1
Finance costs	6	(158)	(148)
<b>OPERATING LOSS</b>		<u>(159)</u>	<u>(147)</u>
Income from shares in Group undertakings	7	141	149
<b>(LOSS)/ PROFIT BEFORE TAX</b>		<u>(18)</u>	<u>2</u>
Tax credit	8	37	43
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>19</u>	<u>45</u>

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 2025**

	Note	2025 £m	2024 £m
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>19</b>	<b>45</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)	(7)
Cash flow hedges fair value changes		2	3
Tax effect of effective portion of changes in fair value of cash flow hedges	8	1	1
<b>TOTAL OTHER COMPREHENSIVE (LOSS)</b>		<b>(4)</b>	<b>(3)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>15</b>	<b>42</b>

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 2025**

	Note	2025 £m	2024 £m
<b>NON-CURRENT ASSETS</b>			
Investments in subsidiaries	9	3,437	3,437
Derivative financial instruments	11	6	11
		<u>3,443</u>	<u>3,448</u>
<b>CURRENT ASSETS</b>			
Other receivables	10	2,963	3,006
		<u>2,963</u>	<u>3,006</u>
<b>TOTAL ASSETS</b>		<u>6,406</u>	<u>6,454</u>
<b>CURRENT LIABILITIES</b>			
Other payables	12	(3,908)	(3,692)
Current tax payable		(4)	(4)
		<u>(3,912)</u>	<u>(3,696)</u>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	12	(1,795)	(2,073)
Borrowings	13	(165)	(165)
Deferred tax liabilities	8	(3)	(4)
		<u>(1,963)</u>	<u>(2,242)</u>
<b>TOTAL LIABILITIES</b>		<u>(5,875)</u>	<u>(5,938)</u>
<b>NET ASSETS</b>		<u>531</u>	<u>516</u>
<b>EQUITY</b>			
Called up share capital	14	-	-
Share premium account		20	20
Cash flow hedge reserve		4	8
Accumulated losses		(1,154)	(1,173)
Capital contribution reserve		1,661	1,661
<b>TOTAL EQUITY</b>		<u>531</u>	<u>516</u>

The financial statements on pages 10-27 were approved by the Board of Directors on 15 May 2025 and signed on its behalf by:



Michael Wing  
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 2025**

	Share premium	Accumulated losses	Cash flow hedge reserve	Capital contribution reserve	Total equity
	£m	£m	£m	£m	£m
<b>At 1 February 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)
<b>Total comprehensive income</b>	<b>-</b>	<b>45</b>	<b>(3)</b>	<b>-</b>	<b>42</b>
<b>At 31 January 2024</b>	<b>20</b>	<b>(1,173)</b>	<b>8</b>	<b>1,661</b>	<b>516</b>
Profit for the financial year	-	19	-	-	19
Cash flow hedges fair value changes	-	-	2	-	2
Reclassification from cash flow hedge reserve	-	-	(7)	-	(7)
Tax effect	-	-	1	-	1
<b>Other comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>(4)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>19</b>	<b>(4)</b>	<b>-</b>	<b>15</b>
<b>At 31 January 2025</b>	<b>20</b>	<b>(1,154)</b>	<b>4</b>	<b>1,661</b>	<b>531</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 AA Limited group ("Group") and is an obligor to its borrowings, hence the going concern status of the Company is linked to the wider Group, which at the reporting date has total borrowings of £2,069m (2024: £2,238m).

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

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

The Group may only make payments against the balance of Class B3 Notes if its senior leverage ratio is below 5.5x. As at the reporting date the ratio was 5.3x allowing the Group to redeem £62m of the outstanding in B3 Notes on 14 May 2025. In the event this ratio increases above 5.5x at the next measurement date (31 July 2025), alternative financing arrangements have been secured via a committed facility with Basing TopCo Limited, an indirect parent of the Group. See Note 18 for further details. Under this arrangement the Group may borrow up to £60m for the purposes of redeeming any remaining Class B3 Notes. This cash would not be subject to the payment restrictions imposed by the senior leverage ratio. The Directors have made appropriate enquiries and are satisfied that Basing TopCo Limited, through its own committed facility with its investors, has access to sufficient liquidity to provide the funding as required.

At the statement of financial position date, the Company had £165m held under Senior Term Facilities due to mature on 10 March 2026. On 19 March 2025, the Company successfully refinanced these facilities. The Company has entered into a new £95m Senior Term Facility and a new £70m fixed rate private placement, both with maturity dates in March 2030. See Note 18 for details.

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

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

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

## AA SENIOR 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 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.

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 2025. These are set out below (effective dates are UK effective dates for periods beginning on or after this date).

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

##### 2.2 Critical accounting estimates and judgements

Estimates are evaluated 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 have exercised judgement in applying the Company's accounting policies and in making critical estimates. The underlying assumptions on which these judgements are based are reviewed on an ongoing basis. Management considers that there are no principal estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

**AA SENIOR CO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2 ACCOUNTING POLICIES (continued)**

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

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:

*Investments*

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

In performing its impairment testing on its investment in subsidiaries, the Company prepared a traditional value in use model as described in IAS 36 which was also used in prior years. This comprises an enterprise value model which deducts net debt as at 31 January 2025 and discounts estimates of future cash flows at a pre-tax rate reflecting the time value of money and the risk specific to these cash flows. IAS 36 considers that the appropriate discount rate for a value in use calculation should take into account weighted average cost of capital, incremental borrowing rate and other market borrowing rates in making such an estimate and the Company uses a discount rate calculated on this basis. Estimates of future cash flows do not include cash inflows or outflows from financing activities or income tax receipts or payments as these are already taken into account in the discount rate.

This differs from the AA Limited company financial statements 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).

*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.

**AA SENIOR CO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2 ACCOUNTING POLICIES (continued)**

**2.3 Material accounting policies (continued)**

**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.

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 swaps 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.

**AA SENIOR CO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2 ACCOUNTING POLICIES (continued)**

**2.3 Material accounting policies (continued)**

**c) Financial instruments (continued)**

*Cash flow hedges (continued)*

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.

*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 2025 amounted to £35k (2024: £34k). 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**

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

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

Remuneration	1	1
<b>Total</b>	<u>1</u>	<u>1</u>

Retirement benefits are accruing for 2 (2024: 1) Directors under a money purchase scheme and no Directors (2024: nil) under a defined benefit scheme. There was compensation to Directors for loss of office in the year of £nil (2024: £nil).

The Company had no employees throughout the year (2024: nil).

The Directors of the Company are also Directors of fellow subsidiaries of the ultimate parent undertaking (Basing ConsortiumCo Limited). These Directors are remunerated by another company that is part of the Basing ConsortiumCo Limited group. 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.

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

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

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

**5 FINANCE INCOME**

	2025 £m	2024 £m
Interest income on bank deposits	-	1
	<u>-</u>	<u>1</u>

**6 FINANCE COSTS**

	2025 £m	2024 £m
Interest on borrowing facilities	17	16
Reclassification from cash flow hedge reserve to the income statement	(7)	(7)
Interest payable to fellow Group undertakings	148	138
Debt management fees	-	1
	<u>158</u>	<u>148</u>

**7 INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	2025 £m	2024 £m
Dividends from subsidiary undertakings	141	149
	<u>141</u>	<u>149</u>

**AA SENIOR CO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8 TAX**

The income tax on (loss)/profit is made up as follows:

	2025 £m	2024 £m
<b>Current tax:</b>		
- Group relief receivable	(37)	(44)
- Adjustments in respect of prior periods	-	1
	(37)	(43)
<b>Deferred tax:</b>		
- Origination and reversal of temporary differences	-	-
<b>Total income tax credit reported in the income statement</b>	(37)	(43)

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 (loss)/profit before tax is as follows:

	2025 £m	2024 £m
Loss/(profit) before tax	(18)	2
Tax at rate of 25% (2024: 24%)	(5)	-
Effects of:		
Adjustments in respect of prior periods	-	1
Intra-group transfer pricing	-	(8)
Corporate Interest Restriction	3	-
Dividend income	(35)	(36)
<b>Total income tax credit reported in the income statement</b>	(37)	(43)

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	
	2025 £m	2024 £m	2025 £m	2024 £m
Cashflow hedges	(2)	(3)	-	-
Short-term temporary differences	(1)	(1)	-	-
Deferred tax result	-	-	-	-
Deferred tax liabilities	(3)	(4)	-	-
			2025 £m	2024 £m
Deferred tax liabilities as at 1 February			(4)	(5)
Credit to the Statement of comprehensive income			1	1
<b>Deferred tax liabilities as at 31 January</b>			(3)	(4)

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

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

**AA SENIOR CO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8 TAX (continued)**

**Pillar two**

The Company is subject to the global minimum top-up tax under Pillar Two legislation and the first year to which top-up taxes could apply is the year from 1 February 2024 to 31 January 2025. The Company has not recognised a current tax expense related to the top-up tax (2024: £nil). The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two as provided in the amendments to IAS 12 issued in May 2023.

**9 INVESTMENTS IN SUBSIDIARIES**

	<b>2025</b>	<b>2024</b>
	<b>£m</b>	<b>£m</b>
<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 2025 are:

<b>Name</b>	<b>Country of Incorporation / Registered Office Key</b>	<b>Class of shares held</b>
AA Corporation Limited <sup>1</sup>	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
Key Care Limited	England and Wales, UK / B	Ordinary
Key Care Assistance Limited	Ireland / C	Ordinary
AA Media 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 2025 are:

<b>Name</b>	<b>Country of Incorporation / Registered Office Key</b>	<b>Class of shares held</b>
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 / D	Ordinary
AA Pension Funding GP Limited	Scotland, UK / E	Ordinary
AA Pension Funding LP	Scotland, UK / E	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>2</sup>	Jersey / F	Ordinary

<sup>1</sup> Directly owned by the Company; all other subsidiaries are indirectly held.

<sup>2</sup> This company also has a UK branch establishment.

**AA SENIOR CO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9 INVESTMENTS IN SUBSIDIARIES (continued)**

**Registered Office Key**

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

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

The 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 2025, the Company used the five-year plan, adjusted for expected changes, covering the five years up to 31 January 2030. For the purposes of the impairment test, terminal values have been calculated using a 1.91% growth assumption (2024: 1.79%).

Using an enterprise value model which deducts net debt as at 31 January 2025, 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 11.2% (2024: 11.0%) and a terminal year rate of 11.9% (2024: 11.0%). The equivalent post-tax rate was 8.4% (2024: 8.2%) and the terminal rate was 8.9% (2024: 8.2%). The use of this value in use calculation and the determination of its inputs were consistent with the impairment test performed in the prior year. The result of this impairment test was that there was a significant amount of headroom and therefore no indicators of impairment in the value of investments in subsidiaries were identified (2024: 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>2025</b>	2024
	<b>£m</b>	£m
Amounts owed by Group undertakings	<u>2,963</u>	<u>3,006</u>
	<b>2,963</b>	<b>3,006</b>

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

**11 DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>2025</b>	2024
	<b>£m</b>	£m
<b>Non-current assets</b>		
Interest rate swap	<u>6</u>	<u>11</u>
	<b>6</b>	<b>11</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)**

**12 OTHER PAYABLES**

	<b>2025</b>	<b>2024</b>
	<b>£m</b>	<b>£m</b>
<b>Current</b>		
Amounts owed to Group undertakings	<b>3,905</b>	3,689
Accruals	<b>3</b>	3
	<b>3,908</b>	3,692
<b>Non-current</b>		
Amounts owed to Group undertakings	<b>1,795</b>	2,073
	<b>1,795</b>	2,073

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	<b>Total at 31 January 2025 £m</b>	Total at 31 January 2024 £m
Class A2 Notes	31-Jul-25	6.27%	-	-	-	-	439
Class A8 Notes	31-Jul-27	5.50%	325	(3)	2	<b>324</b>	323
Class A9 Notes	31-Jul-28	3.25%	270	(4)	2	<b>268</b>	268
Class A10 Notes	31-Jul-29	7.38%	385	(16)	4	<b>373</b>	370
Class A11 Notes	31-Jan-28	8.45%	400	(4)	2	<b>398</b>	397
Class A12 Notes	31-Jul-31	6.85%	435	(3)	-	<b>432</b>	-
Class B3 Notes	31-Jan-26	6.50%	110	(10)	9	<b>109</b>	276
		6.54%	1,925	(40)	19	<b>1,904</b>	2,073

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

**13 BORROWINGS**

	Expected maturity date	Interest rate	Principal £m	Issue costs £m	Amortised issue costs £m	Total as at 31 January 2025 £m	Total as at 31 January 2024 £m
Senior Term Facility 2021	10-Mar-26	3.49%	150	(1)	1	<b>150</b>	150
Senior Term Facility 2023	10-Mar-26	7.17%	15	-	-	<b>15</b>	15
		3.82%	165	(1)	1	165	165

The £150m Senior Term Facility commitments are 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% through to 10 March 2026.

**AA SENIOR CO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**13 BORROWINGS (continued)**

The additional £15m Senior Term Facility commitments were transacted with a swap that 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.

**14 CALLED UP SHARE CAPITAL**

	2025	2024
	£	£
<b>Allotted, called up and fully paid</b>		
1 (2024: 1) ordinary share of £1	1	1
	1	1

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 (2024: £nil). The Company does not propose a final dividend (2024: £nil)

**15 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 2025, the principal outstanding on the AA Intermediate Co Limited group debt was £2,090m (2024: £2,264m).

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

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.

**16 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)**

**16 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:

	2025 £m	2024 £m
<b>Fixed rate instruments</b>		
Financial liabilities	<u>1,904</u>	<u>2,073</u>
<b>Net exposure to fixed rate instruments</b>	<u><u>1,904</u></u>	<u><u>2,073</u></u>

	2025 £m	2024 £m
<b>Variable rate instruments</b>		
Financial liabilities	<u>165</u>	<u>165</u>
<b>Net exposure to variable rate instruments</b>	<u><u>165</u></u>	<u><u>165</u></u>

**Sensitivity of variable rate instruments**

An increase of 50 basis points in interest rates at 31 January 2025 would have increased equity by £nil (2024: £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 2025 no provision was recognised against amounts owed by Group undertakings (2024: £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.

**AA SENIOR CO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Liquidity risk (continued)**

**At 31 January 2025:**

	Less than 1 year £m	1 - 2 years £m	2-5 years £m	Over 5 years £m	Total £m
Loans and borrowings	8	168	-	-	176
Amounts owed to Group undertakings	4,024	119	1,596	480	6,219
Accruals	3	-	-	-	3
	<b>4,035</b>	<b>287</b>	<b>1,596</b>	<b>480</b>	<b>6,398</b>

**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>1,365</b>	<b>399</b>	<b>6,443</b>

**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 93-94 of the AA Limited's Annual Report 2025. The Group was in compliance with all covenants throughout the year and as at 31 January 2025.

**17 ULTIMATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY**

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

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

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

At 31 January 2025, the ultimate parent undertaking and controlling party is Basing ConsortiumCo 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).

**18 EVENTS AFTER THE REPORTING PERIOD**

*Liquidity, Senior Term and Working Capital Facilities*

On 10 February 2025, the Company renewed its £200m Liquidity Facility with an effective date of 5 March 2025. The facility remains undrawn.

**AA SENIOR CO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**18      EVENTS AFTER THE REPORTING PERIOD (continued)**

*Liquidity, Senior Term and Working Capital Facilities (continued)*

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

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

*B3 redemption*

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

*Financing arrangement*

On 1 April 2025 the Group entered into a financing arrangement with Basing TopCo Limited, an indirect parent of AA Limited. Under this arrangement the Group may borrow up to £60m for the sole purpose of redeeming Class B3 Notes, to the extent any remain outstanding on the 31 January 2026 maturity date. At the date of signing of these financial statements no amounts have been drawn.