

Registered in England and Wales: No. 07665596

RAC LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

RAC Limited

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RAC Limited

Company information

Directors:

J Baker
D Hobday
T Mohindra
R Templeman
G Wood

Company Secretary:

S Frites

Auditor:

Deloitte LLP
Statutory Auditor
100 Embankment
Cathedral Approach
Manchester
United Kingdom
M3 7FB

Registered office:

RAC House
Brockhurst Crescent
Walsall
West Midlands
United Kingdom
WS5 4AW

Company number:

Registered in England and Wales: No. 07665596

Other information:

The Company is a member of the RAC Group of Companies ("the Group"), which includes RAC Group (Holdings) Limited and its subsidiaries, which during 2024 and 2023 included RAC Midco Limited, RAC Midco II Limited, RAC Bidco Limited, RAC Bond Co plc, RAC Limited, RAC Group Limited, RAC Motoring Services (Holdings) Limited, RAC Motoring Services, RACMS (Ireland) Limited, RAC Financial Services Limited, RAC Insurance Limited, RAC Brand Enterprises LLP, RAC Cars Limited and Risk Telematics UK Limited.

These Financial Statements are presented for the year ended 31 December 2024. Comparatives are presented for the year ended 31 December 2023.

RAC Limited

Strategic report

For the year ended 31 December 2024

The Directors present their strategic report for the year ended 31 December 2024.

Basis of preparation

This business review is addressed to, and written for, the member of the Company with the aim of providing a fair review of the business development and performance during the financial year and the position at the end of the financial year. In providing this review, the aim is to present a view that is both balanced and comprehensive and is consistent with the size and complexity of the business.

Principal activity

The principal activity of the Company is that of a holding company for its subsidiary and a financing entity within the Group. There were no significant changes in that activity in the year.

Review of the business including major events

In January 2024, the Company entered into a new £205 million facility, which was drawn on 7 March 2024 with rate of 3.00% plus SONIA and which matures on 29 January 2029. This facility was used, alongside cash held by the Group to repay the remaining £141 million balance on the 2020 Senior Term Facility on 7 March 2024 and to repurchase £115 million of related party Class A2 Notes on 21 March 2024.

Key Performance Indicators ("KPI"s)

As the principal activity of the Company is that of a holding company, the Directors consider there are no non-financial KPIs to report.

The Company's Directors are also Directors of RAC Group (Holdings) Limited, the ultimate Parent Company. A detailed performance review is included in the Consolidated Annual Report and Financial Statements of that company.

Financial review

The financial position of the Company at 31 December 2024 is shown in the Statement of financial position on page 16, with the results shown in the Income statement on page 14.

The Company made a loss before tax of £49,257 thousand during the year ended 31 December 2024 (2023: profit £443,292 thousand). The main factors responsible for this result are:

- dividend received from RAC Group Limited of £nil (2023: £481,000 thousand)
- recharges to other Group companies of £4,335 thousand (2023: £4,916 thousand) in respect of a Management Services Agreement; offset by
- recharges from other group companies of £1,052 thousand (2023: £1,263 thousand) in respect of a Management Services Agreement; and
- net finance expenses of £50,403 thousand (2023: £39,436 thousand) in respect of interest on third party borrowings and related party loans.

The net current liabilities of the Company is £354,629 thousand (2023: £44,553 thousand) due to timing of debt repayments.

Ordinary interim dividends of £nil million were paid during the year to the Company's parent company RAC Bidco Limited (2023: £345 million)

Objectives and future developments

The strategy for the Group and the Company is determined by the Directors of the Company's ultimate Parent Company, RAC Group (Holdings) Limited and disclosed in the Consolidated Annual Report and Financial Statements of that company (see note 15(d)).

RAC Limited


Strategic report (continued)

For the year ended 31 December 2024

Principal risks and uncertainties

The principal risks are shown below, along with details of the actions being taken to address these risks.

Strategy and business model

Risk Description	Potential Impact and Mitigation Activities	Risk Change in year
RAC Limited, as part of the RAC Group, defines this as the risk of strategies not being optimally chosen, implemented or adapted to changing long term trends in the market. This risk also considers RAC's ability to deliver competitively priced products and compelling propositions, or to acquire and retain members and corporate partners in a competitive market.	Potential Impact: A decline in breakdown or insurance market share and margin and associated adverse effects on the long-term sustainability of RAC Limited.	
	<p>RAC has a clear vision to be the UK's number one for driving services. The strategy that supports this vision is reviewed on a regular basis and defines the key growth drivers for the business. RAC plans to continue to expand its overall market through further development of its Service Maintenance & Repair (SMR) products and services, to meet the broader driving needs of members.</p> <p>We continue to accelerate the growth of the core business volumes and maintain margins to continue to deliver consistent and sustainable EBITDA growth. RAC has continued to see overall membership growth. We monitor member behaviour, demands and needs on an ongoing basis to ensure that we fulfil as many of our members' driving needs as possible and our overall offering to ensure that our products offer fair value.</p>	The components of this risk have remained broadly stable during the year.


RAC Limited

Strategic report (continued)

For the year ended 31 December 2024

Principal risks and uncertainties (continued)

Debt Leverage

Risk Description	Potential Impact and Mitigation Activities	Risk Change in year
RAC Limited, as part of the RAC Group, defines this as the risk that either business performance or general market conditions deteriorate, impacting RAC's ability to service its debt.	Impact: The business being unable to continue as a going concern	
	The RAC Group requires sufficient cash to be generated by the business as well as access to external financing sources to enable it to service debt and to repay or refinance its debt at maturity. RAC is well-placed to manage this risk as it undertakes regular reviews of its cash flow forecasts and financing options, with contingency plans in place where appropriate. RAC has access to working capital and liquidity facilities which are deemed to provide access to sufficient cash to cover commitments as they fall due.	The profile of this risk has remained broadly stable during the year.


RAC Limited

Strategic report (continued)

For the year ended 31 December 2024

Principal risks and uncertainties (continued)

Conduct Risk / Regulatory and Legal Compliance & Change

Risk Description	Potential Impact and Mitigation Activities	Risk Change in year
<p>RAC Limited, as part of the RAC Group, defines this as the risk of failure to meet legal and regulatory expectations, as well as the risk that regulatory change could have an adverse impact on RAC for example by impacting on the commercial model, trading or economics of the business.</p>	<p>Impact: Detriment to our members, regulatory enforcement including fines and/or significant brand or reputational damage to RAC Limited.</p>	
	<p>RAC has a robust training and competency scheme in operation across all areas of the business and provides regular training and briefings to its employees to ensure a customer-centric and compliant culture exists throughout the business. In addition, RAC has clear processes and procedures in place to identify and monitor any emerging risks and to ensure that controls are in place to minimise the risk of any legal or compliance failure or breach.</p> <p>RAC has several first line compliance specialists embedded within the divisions as well as a team of second line regulatory and compliance specialists, who conduct proactive monitoring, to ensure that the regulatory and legislative requirements are adhered to. Legislative and regulatory developments are monitored and assessed in order that RAC can adapt to any changes well in advance of their implementation and minimise any commercial impact.</p> <p>RAC maintains focus on Consumer Duty with the revised governance structure of Customer Committees focused on the monitoring of the outcomes being delivered to members, an Executive Compliance Committee as well as a Conduct & Culture Committee which oversees RAC's culture, the outputs of which are reviewed by the executive team monthly to ensure that we are proactively identifying trends in, and early warning indicators of risks to, member outcomes.</p> <p>RAC also undertakes an ongoing cycle of product reviews and fair value assessments to ensure that its products deliver good outcomes for members.</p>	<p>The profile of this risk has decreased in the year. The RAC Executive has led improvement plans to enhance customer outcomes in service delivery and complaint handling and the delivery and oversight of enhanced outcomes monitoring.</p>

RAC Limited

Strategic report (continued)

For the year ended 31 December 2024

Section 172(1) Statement

RAC Limited is an indirect wholly owned subsidiary of RAC Group (Holdings) Limited.

The Board comprises of the Group's Chairman, the Chief Executive Officer, the Chief Financial Officer and two non-executive Directors, all of whom also serve on the RAC Group (Holdings) Board. The Board holds meetings as and when it is required to consider material matters or Group proposals which impact the Company. The nature and purpose of the Company, a holding Company and financing vehicle within the Group, means that the Company has limited stakeholders compared to that of the ultimate parent Company, RAC Group (Holdings) Limited or other operating Companies within the RAC Group. The Company does not have any employees and whilst its operations have a limited societal and environmental impact, the Directors are mindful of such impacts and align to the Group's ESG strategy and net zero carbon ambitions. The Company applies the same high standards of business conduct and ethics, as seen across the RAC Group, which protect the RAC's brand and its reputation. The Company also applies Group policies which are applicable to its operations. The Company's strategy is aligned to that of the Group and the Directors play an active role in the development and approval of the Group's five-year strategy which takes account of external factors and the impact of the Group's key stakeholders including the wider societal impact when approving the strategy. As is usual with large Group's the day-to-day management of the Company is delegated to the Group's Executive Committee under the leadership of the Group's Chief Executive Officer.

In 2024, the Directors made decisions which they believe best promote the success of the Company in the longer term. The material decisions taken by the Board during the year were in respect of refinancing where the Board approved a number of refinancing transactions including the repurchase of a proportion of the Group's class A-2 notes and the utilisation of the new 2024 Senior Term Facility. In January 2024 the Board entered a new £205m Senior Term Facility which was drawn in March 2024. The Board also approved the repayment of the remaining balance of £141m of the 2020 Senior Term Facility in March 2024 which was in line with expected maturity date; and approved the repurchase of £115m of Class A-2 bonds in March 2024. The Board's view in making these decisions was that the refinancing would benefit the Company, the Group's key stakeholders and the business in the longer term with continued financial sustainability and managing the risk of the Group's debt profile. In making its decision the Board considered the needs of its key stakeholders including its shareholder and senior debt holders and the benefits the refinancing activities provide particularly in respect of the Company's financial resilience in the longer term.

Further information on the Group's ESG Strategy, the Group's key stakeholder and the governance arrangements and disclosures in relation to the Group decisions and their impact on stakeholders are available in the RAC Group (Holdings) Limited S172(1) statement and Governance Report, both of which are set out in the 2024 Annual Report and Financial Statements of RAC Group (Holdings) Limited. An electronic copy of which is available on the raccorporate.co.uk website.

Approved by the Board on 24 April 2025.



J Baker
Chief Financial Officer

RAC Limited

Directors' report

For the year ended 31 December 2024

The Directors present their Annual Report on the affairs of RAC Limited, together with the Financial Statements and independent auditor's report for the year ended 31 December 2024.

Directors

The names of the current Directors of the Company appear on page 1.

Those who have served in office during the year and up to the date of approval of the financial statements were as follows:

J Baker
D Hobday
T Mohindra
R Templeman
G M Wood

At 31 December 2024 and 31 December 2023, none of the Directors had any interest in the shares of the Company.

Objectives and future developments

The strategy for the Group and the Company is determined by the Directors of the Company's ultimate Parent Company, RAC Group (Holdings) Limited and disclosed in the Annual Report and Financial Statements of that company.

Results and dividends

The Company paid ordinary interim dividends of £nil during the year (2023: £345 million). The Directors do not recommend payment of a final dividend (2023: £nil).

Directors' indemnities

RAC Group (Holdings) Limited, the Company's ultimate Parent Company, has granted an indemnity to all RAC Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. This indemnity was first granted in 2011 and the provisions in the Company's Articles of Association constitute "qualifying third party indemnities" for the purposes of section 236 of the Companies Act 2006. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report by virtue of the transitional provisions to the Companies Act 2006.

Employees

The Company has no employees. All employees of the Group are employed and remunerated by RAC Motoring Services, a fellow Group company. Disclosures relating to employees may be found in the Annual Report and Financial Statements of RAC Group (Holdings) Limited.

RAC Limited

Directors' report (continued)

For the year ended 31 December 2024

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company made a loss of £36,935 thousand for the year ended 31 December 2024 (2023: profit of £452,924 thousand) and at 31 December 2024 had net assets of £12,370 thousand (2023: £53,868 thousand) and net current liabilities of £354,629 thousand (2023: £44,553 thousand) which is largely due to the 2021 Senior Term Facility of £170 million which is due for repayment in June 2025 and is therefore now disclosed as a current liability, see note 17 for details of the new facilities already formally agreed to refinance this debt. The Company's business activities, together with the factors likely to affect its future development, performance and position and its consideration of its principal risks and uncertainties are set out in the Strategic report on pages 2 to 6.

The Directors have assessed the financial position and the prospects and future funding requirements of the Group and the Company and compared them to the level of available committed borrowing facilities. This assessment included a review of the Group's financial forecasts, financial instruments and hedging arrangements for the 12 month period from the date of this report. The Directors considered a range of potential trading and market-related risks, including regulatory change, roadside demand and usage change, plus mitigating actions and how these may impact on cash flow, facility headroom and the Group's ability to comply with the terms of its borrowings.

Having undertaken this assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, for a period of at least twelve months from the date of approval of the Financial Statements. For these reasons, they continue to adopt the going concern basis in preparing the Company's Financial Statements.

Auditor

Deloitte LLP has expressed the willingness to continue in office as auditor of the Group and Company and their reappointment will be approved at the July 2025 Board meeting.

Disclosure of information to the auditor

Each person who was a director of the Company on the date that this report was approved confirms that, so far as the director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing his report, of which the auditor is unaware. Each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Strategic Report

The Companies Act 2006 requires the Company to prepare a Strategic Report, set out on pages 2 to 6. The Strategic Report includes information about the Company's operations and business model, financial performance throughout the year, financial instruments and risk management, likely future developments, key performance indicators, and principal risks.

RAC Limited

Directors' report (continued)

For the year ended 31 December 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

Under Company law the 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 these financial statements, the Directors are required to:

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

The Directors are 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 24 April 2025



J Baker
Chief Financial Officer

RAC Limited

Independent auditor's report to the members of RAC Limited

Report on the audit of the Financial Statements

Opinion

In our opinion the financial statements of RAC Limited ("the Company"):

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income statement;
- the Statement of comprehensive income;
- the Statement of financial position;
- the Statement of changes in equity;
- the Accounting policies; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

RAC Limited

Independent auditor's report to the members of RAC Limited

Other information (continued)

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, those charged with governance, internal audit and risk and compliance about their own identification and assessment of the risks of irregularities.

RAC Limited

Independent auditor's report to the members of RAC Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included money laundering regulations, the Data Protection Act and the Bribery Act 2010.

We discussed among the audit engagement team including relevant internal specialists such as tax regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and FCA.

RAC Limited

Independent auditor's report to the members of RAC Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

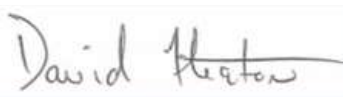
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Heaton (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
Date: 24 April 2025

RAC Limited

Financial Statements 2024

Income statement

For the year ended 31 December 2024

	Note	2024	2023
		£000	£000
Investment Income	1	4,335	485,916
Administrative expenses		(3,189)	(3,188)
Operating profit		1,146	482,728
Finance expenses	5	(89,531)	(84,425)
Finance income	5	39,128	44,989
(Loss)/profit before tax		(49,257)	443,292
Tax credit	6	12,322	9,632
(Loss)/profit for the year		(36,935)	452,924

The accounting policies and notes on pages 18 to 32 are an integral part of these Financial Statements.

RAC Limited

Financial Statements 2024 (continued)

Statement of comprehensive income

For the year ended 31 December 2024

	2024	2023
	£000	£000
(Loss)/profit for the year	(36,935)	452,924
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent years:</i>		
Net movement on cash flow hedges	(6,084)	(11,142)
Aggregate tax effect	1,521	2,786
Net other comprehensive expense that may be reclassified to profit or loss in subsequent years	(4,563)	(8,356)
Other comprehensive expense, net of tax	(4,563)	(8,356)
Total comprehensive (expense)/income for the year	(41,498)	444,568

The accounting policies and notes on pages 18 to 32 are an integral part of these Financial Statements.

RAC Limited

Registered in England and Wales: No. 07665596

Financial Statements 2024 (continued)

Statement of financial position

As at 31 December 2024

	Note	2024 £000	2023 £000
ASSETS			
Non-current assets			
Investments in subsidiaries	8	916,408	916,408
Derivative financial instruments	12	9,385	15,217
Other receivables	9	811,700	709,865
		<u>1,737,493</u>	<u>1,641,490</u>
Current assets			
Other receivables	9	164	48
Current tax receivable	10	12,251	8,946
		<u>12,415</u>	<u>8,994</u>
LIABILITIES			
Current liabilities			
Borrowings	13	(179,698)	(12,216)
Other payables	11	(187,346)	(41,331)
		<u>(367,044)</u>	<u>(53,547)</u>
Net current liabilities		<u>(354,629)</u>	<u>(44,553)</u>
Non-current liabilities			
Borrowings	13	(1,368,274)	(1,539,265)
Deferred Tax Liability	10	(2,220)	(3,804)
		<u>(1,370,494)</u>	<u>(1,543,069)</u>
Net assets		<u>12,370</u>	<u>53,868</u>
EQUITY			
Ordinary share capital	14	79	79
Share premium		7,920	7,920
Capital redemption reserve		1	1
Hedging instruments reserve		5,690	10,253
Retained equity		(1,320)	35,615
Total equity		<u>12,370</u>	<u>53,868</u>

The accounting policies and notes on pages 18 to 32 are an integral part of these Financial Statements.

Approved by the Board on 24 April 2025



J Baker
Chief Financial Officer

RAC Limited
Financial Statements 2024 (continued)
Statement of changes in equity
For the year ended 31 December 2024

	Note	Ordinary share capital £000	Share premium £000	Capital redemption reserve £000	Hedging instruments reserve £000	Retained equity/ (deficit) £000	Total equity £000
Balance at 1 January 2023		79	7,920	1	18,609	(72,309)	(45,700)
Profit for the year		-	-	-	-	452,924	452,924
Other comprehensive expense		-	-	-	(8,356)	-	(8,356)
Total comprehensive (Expense)/ Income		-	-	-	(8,356)	452,924	444,568
Dividends paid	7	-	-	-	-	(345,000)	(345,000)
Balance at 31 December 2023		79	7,920	1	10,253	35,615	53,868
Loss for the year		-	-	-	-	(36,935)	(36,935)
Other comprehensive expense		-	-	-	(4,563)	-	(4,563)
Total comprehensive expense		-	-	-	(4,563)	(36,935)	(41,498)
Balance at 31 December 2024		79	7,920	1	5,690	(1,320)	12,370

The accounting policies and notes on pages 18 to 32 are an integral part of these Financial Statements.

RAC Limited

Accounting policies

(A) Corporate information

The Company is a private limited liability company, limited by shares, incorporated and domiciled in the United Kingdom and registered in England & Wales. The principal activity of the Company is that of a holding company for its subsidiary and a financing entity within the Group. The registered office is located at RAC House, Brockhurst Crescent, Walsall, West Midlands, United Kingdom, WS5 4AW.

The Financial Statements of RAC Limited for the year ended 31 December 2024 were approved for issue by the Board on 24 April 2025.

(B) Basis of preparation

The Financial Statements of the Company have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, as explained in the accounting policies. Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Company meets the definition of a qualifying entity under FRS 100 'Application on Financial Reporting Requirements' issued by the FRC. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of IFRSs as adopted by the UK but makes amendments where necessary in order to comply with Companies Act 2006. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard as detailed below.

The Financial Statements are presented in pounds sterling, which is the Company's functional and presentation currency. Unless otherwise noted, the amounts shown in these Financial Statements are in thousands of pounds sterling ("£000"). The principal accounting policies adopted in the preparation of these Financial Statements are set out below.

The Company is exempt from preparing group financial statements by virtue of Section 400 of the Companies Act 2006, as it is included in the consolidation of a larger group, RAC Group (Holdings) Limited. The Financial Statements present information about the Company as an individual company and not its group.

Application of new and revised International Financial Reporting Standards ("IFRSs")

The following new and amended IFRSs are effective and relevant for these Financial Statements. The adoption of these Standards has not had any material impact on the disclosures or on the amounts reported in the Financial Statements.

- Amendments to IAS 1 and IFRS practice statement, IAS 8, IAS 12, and IAS 21.

At 31 December 2024, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the UK:

- Amendment to IAS 21 ¹
- Introduction of IFRS18 and IFRS 19 ²

¹ Effective for annual periods commencing on or after 1 January 2025

² Effective for annual periods commencing on or after 1 January 2027

RAC Limited

Accounting policies

(B) Basis of preparation (continued)

Disclosure exemptions applied

- (i) The requirements of IFRS 7 Financial Instruments: Disclosures and IAS 1 paragraphs 134 to 136.
- (ii) The requirements of IAS 7 Statement of Cash Flows.
- (iii) The requirements of IAS 24 Related Party Disclosure.
- (iv) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company made a loss of £36,935 thousand for the year ended 31 December 2024 (2023: profit of £452,924 thousand) and at 31 December 2024 had net assets of £12,370 thousand (2023: £53,868 thousand) and net current liabilities of £354,629 thousand (2023: £44,553 thousand) which is largely due to the 2021 Senior Term Facility of £170 million which is due for repayment in June 2025 and is therefore now disclosed as a current liability, see note 17 for details of the new facilities already formally agreed to refinance this debt. The Company's business activities, together with the factors likely to affect its future development, performance and position and its consideration of its principal risks and uncertainties are set out in the Strategic report on pages 2 to 6.

The Directors have assessed the financial position and the prospects and future funding requirements of the Group and the Company and compared them to the level of available committed borrowing facilities. This assessment included a review of the Group's financial forecasts, financial instruments and hedging arrangements for the 12 month period from the date of this report. The Directors considered a range of potential trading and market-related risks, including regulatory change, roadside demand and usage change, plus mitigating actions and how these may impact on cash flow, facility headroom and the Group's ability to comply with the terms of its borrowings.

Having undertaken this assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, for a period of at least twelve months from the date of approval of the Financial Statements. For these reasons, they continue to adopt the going concern basis in preparing the Company's Financial Statements.

RAC Limited

Accounting policies (continued)

(C) Revenue recognition

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefit will flow to the Company and the amount can be reliably measured).

Management charges

The Group operates a Management Services Agreement ('MSA') across the RAC Bidco Group in order to allocate the costs of managing each group company to the respective entities. The Company recognises amounts recharged to group companies on satisfaction of the performance condition which is at a point in time where the service is provided.

Other Income

Other income is recognised when a gain is made on the repurchase of debt instruments. The Company recognises this income on satisfaction of the performance condition which is at a point in time when the instrument is repurchased.

(D) Investments in subsidiaries

Subsidiaries are those entities (including special purpose entities) in which the Company, directly or indirectly, has power to exercise control. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

In the Statement of financial position, subsidiaries are stated at cost less any impairment.

(E) Impairment of non-financial assets

Non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use.

(F) Financial assets

Financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. All financial assets are recognised initially at the fair value of consideration given plus transaction costs. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The resulting amortisation is included in finance income in the Income statement.

(i) Impairment of financial assets

An impairment is recognised on financial assets if there is considered to be expected credit losses. The amount of expected credit losses is calculated using the simplified approach as allowable under IFRS 9 and is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. Losses arising from impairment are recognised in the Income statement in finance costs for loans and in other operating expenses for other receivables.

RAC Limited

Accounting policies (continued)

(G) Derivative financial instruments

The Company holds derivative financial instruments, which include interest rate swaps, to hedge its interest rate exposures. Derivatives are recognised initially and subsequently at fair value. Any gains or losses arising from changes in fair value of derivative financial instruments are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs.

Financial assets at fair value through profit or loss are carried in the Statement of financial position at fair value with net changes in fair value presented as other losses (negative net changes in fair value) or other gains (positive net changes in fair value) in the Income statement.

(H) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'net finance expenses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

(I) Income taxes

Income taxes include both current and deferred taxes. Income taxes are recognised in the Income statement except where they relate to items recognised in other comprehensive income or equity. In this instance, the income taxes are also recognised in directly to other comprehensive income or equity respectively.

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

Deferred tax is provided using the Statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not provided for the initial recognition of goodwill, nor the initial recognition of assets or liabilities that affect neither the accounting profit nor taxable profit or loss other than in a business combination.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which assets can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred income tax assets and liabilities are offset where taxes are levied by the same taxation authority, there is a legal right of offset between the assets and liabilities and there is an intention to settle on a net basis.

RAC Limited

Accounting policies (continued)

(J) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and in hand and deposits held at call with banks which are subject to an insignificant risk of change in value. Such investments are those with less than three months' maturity from the date of acquisition, or which are redeemable on demand with only an insignificant change in their fair values.

(K) Borrowings

Borrowings are recognised initially at their issue proceeds net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost, and any difference between net proceeds and the redemption value is recognised in the Income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of financial position date.

(L) Share capital and dividends

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Accordingly, all financial instruments are treated as financial liabilities or assets unless:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument will not be settled by delivery of a variable number of shares or is a derivative that can be settled other than for a fixed amount of cash, shares or other financial assets.

Dividends

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends on ordinary shares are recognised when they have been approved by shareholders.

RAC Limited

Accounting policies (continued)

(M) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Financial Statements in conformity with IFRS requires the Company to make estimates and judgements using assumptions that affect items reported in the Statement of financial position and Income statement and the disclosure of contingent assets and liabilities at the reporting date. Estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions. Actual results may differ from those estimates, possibly significantly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Set out below are items where management have taken a judgement or which management consider particularly susceptible to changes in estimates and assumptions, and the relevant accounting policy.

(i) Critical judgements in applying the Company's accounting policies

The Directors consider the following to be critical judgements at the Statement of financial position date.

Hedge accounting

In applying the Company's interest rate hedging strategy and the corresponding hedge accounting applied in the Financial Statements, a judgement has been made that there will be highly probable floating interest rate payments over the term of the interest rate derivatives.

(ii) Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of financial position date.

RAC Limited

Notes to the Financial Statements

1 Investment Income

	2024	2023
	£000	£000
Investment income - Dividends received from subsidiaries	-	481,000
Management charge received	4,335	4,916
Total investment income	4,335	485,916

All income relates to UK operations.

2 Auditor's remuneration

The total remuneration payable by the Company, excluding VAT, to its auditor, Deloitte LLP, is shown below.

	2024	2023
	£000	£000
Audit services		
Audit of financial statements	13	12
Total remuneration payable to Deloitte LLP	13	12

There were no fees payable to Deloitte LLP in respect of non-audit services (2023: £nil).

Audit fees are borne and paid by RAC Motoring Services, a fellow Group company.

RAC Limited

Notes to the Financial Statements (continued)

3 Employee information

The Company has no employees. All employees of the Group are employed by and remunerated by RAC Motoring Services, a fellow Group company. Disclosures relating to employees may be found in the Annual Report and Financial Statements of RAC Group (Holdings) Limited.

4 Directors

Executive Directors of the Company are remunerated as employees by RAC Motoring Services, a fellow Group company. Management recharges for the wider executive group, which includes the executive Directors of the Company, have been charged to the main trading subsidiaries of the Group. It is not deemed practical to separate the remuneration of the executive Directors from the wider management recharges.

Disclosures relating to Directors' remuneration can be found in the Annual Report and Financial Statements of RAC Group (Holdings) Limited.

5 Net finance expenses

	2024	2023
	£000	£000
Interest receivable - related parties	(37,803)	(44,438)
Interest receivable - third parties	(1,325)	(551)
Interest payable - related parties	63,581	56,355
Interest payable on senior term facility - third parties	23,195	24,363
Amortisation of capitalised finance costs	2,755	3,707
	50,403	39,436

6 Tax

(a) Tax credited to the income statement

The total tax credit comprises:

	2024	2023
	£000	£000
Current tax:		
For the year	(12,251)	(8,946)
Adjustment in respect of prior years	(8)	(776)
Total current tax	(12,259)	(9,722)
Deferred tax:		
Origination and reversal of timing differences	(63)	85
Effect of changes in tax rates	-	5
Total deferred tax	(63)	90
Total tax credited to the Income statement	(12,322)	(9,632)

RAC Limited

Notes to the Financial Statements (continued)

6 Tax (continued)

(b) Tax reconciliation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate in the UK as follows:

	2024	2023
	£000	£000
(Loss)/ Profit before tax	(49,257)	443,292
Tax calculated at standard UK corporation tax rate of 25.0% (2023: 23.5%)	(12,314)	104,174
Non-taxable dividends	-	(113,035)
Effect of changes in tax rates	-	5
Adjustment in respect of prior years	(8)	(776)
Total tax credited to the Income statement (note 6(a))	(12,322)	(9,632)

For the year ending 31 December 2024, the corporation tax rate that has been used is 25.0% (2023: 23.5%).

Under IAS 12 deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Therefore, deferred tax balances have been reflected at the increased 25.0% corporation tax rate they are expected to be realised or settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

7 Dividends

The Company paid ordinary interim dividends of £nil during the year (2023: £345 million). The Directors do not recommend payment of a final dividend (2023: £nil).

8 Investments in subsidiaries

(a) Movement in investments in subsidiaries

	2024	2023
	£000	£000
Cost and Net Book Value		
At 1 January and 31 December	916,408	916,408

No impairment has been recognised in respect of investment in subsidiaries.

RAC Limited

Notes to the Financial Statements (continued)

8 Investments in subsidiaries (continued)

(b) Information about subsidiaries

The Company had the following directly or indirectly held investments in subsidiaries:

Company	Type of business	Class of share	Proportion held
Directly held:			
RAC Group Limited	Holding company	Ordinary	100%
Indirectly held:			
RAC Motoring Services	Motor breakdown cover	Ordinary	100%
RACMS (Ireland) Limited (incorporated in Ireland)	Dormant company	Ordinary	100%
RAC Financial Services Limited	Insurance intermediary	Ordinary	100%
RAC Insurance Limited	General Insurance business	Ordinary	100%
RAC Motoring Services (Holdings) Limited	Holding company	Ordinary	100%
RAC Brand Enterprises LLP	Licensing and management of intangible assets	Members' capital	100%
RAC Cars Limited	Online retail services	Ordinary	100%
Risk Telematics UK Limited	Software development	Ordinary	100%

All subsidiaries are registered in England and Wales and operate in the United Kingdom, except RACMS (Ireland) Limited which operates and is registered in Ireland. All subsidiaries, except RACMS (Ireland) Limited, have the same registered office as the Company, which is disclosed on page 1. The registered office of RACMS (Ireland) Limited is C/O Cronin & Company, 1 Terenure Place Terenure, Dublin Ireland, D6W FN23.

9 Other receivables

	2024	2023
	£000	£000
Amounts due from related parties	811,777	709,865
Prepayments	87	48
Total	811,864	709,913
Expected to be recoverable within one year	164	48
Expected to be recoverable in more than one year	811,700	709,865
Total	811,864	709,913

Receivables of £811,864 thousand (2023: £709,913 thousand) are measured at amortised cost net of any impairment losses which are based on a loss allowance for expected credit losses. No material impairment losses have been recognised in 2024 (2023: £nil). Amounts due from related parties expected to be recoverable in more than one year is a loan balance which accrues interest at LIBOR +1.5%.

RAC Limited

Notes to the Financial Statements (continued)

10 Tax assets and liabilities

	2024	2023
	£000	£000
Current tax receivable	12,251	8,946
Deferred tax liability	(2,220)	(3,804)
	10,031	5,142

Current tax receivable of £12,251 thousand (2023: £8,946 thousand) is to be settled by Group relief within one year.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be used.

The Company has an unrecognised deferred tax asset of £3,797 thousand (2023: £4,819 thousand) in respect of interest disallowed under the corporate interest restriction rules.

a) Current tax

The balance at 31 December comprises:

	2024	2023
	£000	£000
Current tax receivable	12,251	8,946
	12,251	8,946

b) Deferred tax

The balance at 31 December comprises:

	2024	2023
	£000	£000
Deferred tax on cash flow hedge	(2,220)	(3,804)
	(2,220)	(3,804)

The movement in the net deferred tax liability was as follows:

	2024	2023
	£000	£000
Net deferred liability brought forward	(3,804)	(6,499)
Origination and reversal of timing differences in the Income statement	63	(85)
Effect of changes in tax rates in the Income Statement	-	(5)
Charge to other comprehensive income	1,521	2,618
Effect of changes in tax rates in other comprehensive income	-	167
Net deferred tax liability	(2,220)	(3,804)

RAC Limited

Notes to the Financial Statements (continued)

11 Other payables

	2024	2023
	£000	£000
Amounts due to related parties	187,084	41,173
Other payables	262	158
	187,346	41,331
Expected to be payable within one year	187,346	41,331
	187,346	41,331

All payables are financial liabilities and carried at amortised cost which is considered to be a reasonable approximation of the relevant fair value. Amounts due to related parties are trading balances which attract no interest and are repayable on demand.

12 Derivative financial instruments

	2024	2023
	£000	£000
Cash flow hedge assets	9,385	15,217
	9,385	15,217

(a) Hedging

The Company makes use of derivative financial instruments, including over-the-counter instruments, in line with the Company's overall risk management strategy.

The Company has formally assessed and documented the effectiveness of its hedged derivatives in accordance with IFRS 9 Financial Instruments.

(b) Cash flow hedges

The Company has used interest rate swap agreements in order to hedge the cash flows associated with its variable rate borrowings. The notional value and fair value of these are as follows:

	2024	2023
	£000	£000
Contract/notional value	344,000	404,000
Total fair value of asset	9,385	15,217

RAC Limited

Notes to the Financial Statements (continued)

12 Derivative financial instruments (continued)

(b) Cash flow hedges (continued)

The hedges were effective in the year ending 31 December 2024 (2023: effective) and therefore the full movement in the fair value of cash flow hedges has been recognised in other comprehensive income (2023: recognised in other comprehensive income).

The hedges are achieved through using interest rate swap contracts to pay fixed and receive three month SONIA. The interest rate swaps settle on a quarterly basis. As both the Senior Term Facility ("STF") and the interest rate swap contracts against which the STF is hedged contain floating rates linked to SONIA, the Group expects the value of these items to systematically change in opposite directions in response to movements in underlying interest rates. As such, the Group's hedge ratio is expected to remain at 100%.

13 Borrowings

Analysis of borrowings

	Related Party Debt			Bank Debt			Total
	Class A2 Notes	Class A3 Notes	Class B2 Notes	Senior Term Facility	Senior Term Facility	Senior Term Facility	
Interest rate	4.870%	8.250%	5.250%	SONIA + 2.500%	SONIA + 1.800%	SONIA + 2.500%	
At 31 December 2024							
Amounts due within one year (£000)	3,734	3,226	2,927	169,811	-	-	179,698
Amounts due in more than one year (£000)	484,162	246,028	341,067	-	94,232	202,785	1,368,274
Book value (£000)	487,896	249,254	343,994	169,811	94,232	202,785	1,547,972
At 31 December 2023							
Amounts due within one year (£000)	4,603	4,521	2,927	60	65	40	12,216
Amounts due in more than one year (£000)	598,095	196,677	340,215	140,856	169,442	93,980	1,539,265
Book value (£000)	602,698	201,198	343,142	140,916	169,507	94,020	1,551,481

RAC Limited

Notes to the Financial Statements (continued)

13 Borrowings (continued)

The bonds comprise three tranches: Class A2 Notes, Class A3 Notes (together “Class A Notes”), and Class B2 Notes. £600 million of Class A2 Notes were issued at a coupon of 4.870%, and have an initial period to 6 May 2026, after which interest will be charged at 5.370% per annum. On 21 March 2024, £115 million of Class A2 Notes were repurchased. £250 million of Class A3 notes were issued with a coupon of 8.250% with an initial period to 6 November 2028 after which interest will be charged at 8.750% per annum. £345 million of Class B2 Notes were issued with a coupon of 5.250%, with an initial period to 4 November 2027 after which interest will be charged at 4.750% per annum.

Interest is payable on the bonds semi-annually on 6 May and 6 November.

Fees related to the issuance of the Class A Notes of £4,500 thousand and to the Class B2 notes of £417 thousand, incurred on inception of the debt, have been capitalised and are being amortised over the life of the bonds to which they relate. As the proceeds have been on-lent to RAC Limited, a fellow Group company, these associated debt issue costs along with an additional £7,500 thousand have been charged to RAC Limited. The fees have been capitalised and will be amortised in RAC Limited over the remaining life of the bonds to which they relate, in accordance with IFRS 9 Financial Instruments.

The Class A2 Notes and Class A3 Notes (together “Class A Debt”) are subject to one financial covenant, being the ratio of free cash flow to Class A Debt service charges. The Class B2 Notes are also subject to one financial covenant, being the ratio of free cash flow to the aggregate of Class A Debt service charges and Class B Debt service charges. The RAC Bidco Limited and certain of its subsidiaries, including RAC Bond Co plc, has complied with these financial covenants throughout the periods since issue of the Class A Debt and Class B Notes respectively.

The Class A Notes and Class B Notes are secured by way of first ranking security in respect of the undertakings and assets of RAC Bidco Limited and certain of its subsidiaries, including RAC Bond Co plc.

14 Ordinary share capital

	2024	2023
	£000	£000
Allotted, called up and fully paid:		
7,865,113 ordinary shares of £0.01 each	79	79
	79	79

15 Related party transactions

(a) Key management compensation

The Directors and key management of the Company are the same as for RAC Group (Holdings) Limited. Information on key management compensation may be found in the Annual Report and Financial Statements of RAC Group (Holdings) Limited.

(b) Key management interests

No key management personnel held equity stakes in the Company at 31 December 2024 or 31 December 2023.

At no time during the reported years did any Director hold a material interest in any contract of significance with any Group company other than an indemnity provision between each Director and a Group company, and service contracts between each Director and a Group company.

RAC Limited

Notes to the Financial Statements (continued)

15 Related party transactions (continued)

(c) Immediate parent company

As at 31 December 2024 and 31 December 2023, the Company's immediate and controlling shareholder was RAC Bidco Limited which prepared consolidated group financial statements in accordance with section 400 of the Companies Act 2006.

(d) Ultimate controlling entity

The ultimate controlling entity and ultimate parent is RAC Group (Holdings) Limited. Its Annual Report and Financial Statements are available on application to the Company Secretary at its registered address, RAC Group (Holdings) Limited, RAC House, Brockhurst Crescent, Walsall, West Midlands, United Kingdom, WS5 4AW. The largest level at which Consolidated IFRS Financial Statements are prepared is RAC Group (Holdings) Limited, the smallest level at which Consolidated IFRS Financial Statements are prepared is RAC Bidco Limited which has the same registered address as RAC Group (Holdings) Limited.

16 Fair value of financial assets and liabilities

The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset/liability	Fair value as at 31 December 2024	Fair value movement	Fair value as at 31 December 2023	Fair value hierarchy
	£000	£000	£000	
Cash flow hedge asset (note 12)	9,385	5,832	15,217	Level 2
The interest rate swaps have been valued using market observable inputs of interest rate curves built using cash rates, swap rates and forward rates.				

17 Events after the reporting period

In January 2025, the Group successfully executed a £50m US Private Placement ("USPP") which will be issued in June 2025. In February 2025, the Group successfully executed a £40m Senior Term Facility which will be drawn in June 2025. These two new facilities will be used to partly refinance the £170m 2021 Senior Term Facility. The balance of £80m will be repaid using the Group's own funds. This did not have an impact on the Company's financial position as at 31 December 2024.

There have been no other events since the statement of financial position date which have a material impact on the Company's financial position as at 31 December 2024.