

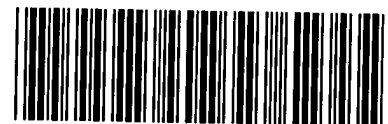
Registered number: 00802486

AVIS BUDGET UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

WEDNESDAY



ABCIMCG1

A06

14/09/2022

#41

COMPANIES HOUSE

AVIS BUDGET UK LIMITED

COMPANY INFORMATION

Directors	P L Ford A C Olivier-Smith
Company secretary	I Lall
Registered number	00802486
Registered office	Avis Budget House Park Road Bracknell United Kingdom RG12 2EW
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

AVIS BUDGET UK LIMITED

CONTENTS

	Page
Strategic Report	1 - 5
Directors' Report	6 - 10
Independent Auditor's Report	11 - 14
Income Statement	15
Statement of Other Comprehensive Income	16
Statement of Financial Position	17 - 18
Statement of Changes in Equity	19
Notes to the Financial Statements	20 - 48

AVIS BUDGET UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The Directors present their Strategic Report for the Company for the year ended 31 December 2021.

Strategic review and future developments

The Company is a United Kingdom based operating company of Avis Budget Group, Inc. ("the Group"). The Company is a provider of mobility solutions across the United Kingdom market through the well-recognised Avis and Budget brands. The strategy of the Company is aligned to those of the Group, which are as disclosed in the consolidated financial statements of the Group.

For the year ended 31 December 2021, the impact to the Group from the COVID-19 pandemic subsided while the Company continued to experience the impacts of COVID-19 in the UK and on travellers from Europe and overseas, but to a lesser degree than in 2020. Prior year cost reductions and mitigating actions allowed the Company to execute its strategy in 2021 while prioritising the health and safety of the Company's customers and employees. A key to this strategy has been the rationalisation of the size of the Company's network of stations while increasing the availability and usage of app based products to provide customers with contactless, self service rental transactions. As a result of these actions the Company has achieved a positive operating profit in the year. The Company is expected to operate in this manner for the foreseeable future with no intended changes to the business with a continued focus on cost optimisation, core revenue growth, and investment in capital on infrastructure in 2022 and beyond.

Financial key performance indicators

The Company monitors a range of financial and non-financial Key Performance Indicators (KPIs), reported on a periodic basis. The key measures include rental revenue per day, rental days, average fleet utilisation, underlying pre-tax margin, return on capital employed and customer satisfaction. These are not disclosed due to the commercially sensitive nature of the data.

The Company performance improved throughout the year and the Directors are satisfied with the performance of the Company based on the selected financial indicators:

	2021	2020
Revenue	£65,463,000	£61,851,000
Gross profit	£19,261,000	£5,042,000
Gross profit margin	29.4%	8.2%

Revenue increased in 2021 due to Government restrictions being relaxed from the end of the first quarter, allowing demand to return across the remainder of the year. In the prior year, whilst demand was strong at the start of the year, there were travel restrictions across various points in the year.

Gross profit margin increased in 2021 due to improved revenue performance and ongoing cost control and network initiatives undertaken by the Company.

The position of the Company at the year end is set out in the accompanying Financial Statements and related Notes to the Financial Statements.

AVIS BUDGET UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Principal risks and uncertainties

Risk mitigation is a key part of the management of the Company and the Company has a consistent process to identify, manage and help mitigate exposure to issues that may have a negative impact on the business. Summarised below are some of the key risks that may affect the Company's business.

Industry & Broader Economy

The mobility industry is highly competitive, with price being one of the primary competitive factors. Demand for vehicle rentals is generally subject to and impacted by international, national and local economic conditions and travel demand, which can be impacted by many factors including inflation, airline travel, and disruption in fuel pricing. Additionally, political, economic and commercial instability or uncertainty can adversely impact on travel demand.

Pricing in the vehicle rental industry is impacted by the size of rental fleets and the supply of vehicles available for rent. Fleet costs and availability, including as a result of disruptions in the production and delivery of new vehicles due to the lack of availability of parts and key components, such as semiconductor chips or vehicle safety recalls could impact the size of the rental fleet the Company can procure and operate. The Company and the Group maintains strong relationships with vehicle suppliers and has a history of navigating previous vehicle supply disruptions.

The Company monitors fleet size over the course of the year to help manage seasonal or other variations in demand and has a history of adjusting fleet size and cost to market demand. The Group has specialists, systems, and processes that review market prices and demand on a regular basis relative to fleet availability and adjust prices accordingly.

Fleet

Loss or material change in the terms on which the Company obtains fleet vehicles from major vehicle suppliers could harm the performance of the Company. In the event that it could not procure all of the required vehicles from current manufacturer sources, vehicles could be obtained from other sources, such as dealers.

Where difficulties are experienced in sourcing vehicles, or when prevailing economic conditions result in depressed used vehicle prices and reduced demand, these risks may also be mitigated by extending the holding periods of vehicles.

Brexit

Following the United Kingdom's ("UK") exit from the European Union ("EU") on 31 January 2020 and the trade deal announced in December 2020 ("Brexit"), the Directors continue to monitor the impacts on the Company, but there has been minimal impact to date and currently the Directors believe there is limited exposure to any Brexit implications at this time.

COVID-19

The COVID-19 pandemic has affected, and may continue to affect the Company and the Group's business, financial condition, results of operations and/or cash flows for an extended period. Due to the pandemic, the Company faced, among other impacts to the business, reductions in travel volumes, impacts to staffing levels, and delays in receiving delivery of new vehicles from vehicle manufacturers. The Group has largely recovered in both revenue and profitability in the second half of 2021 and continues to support the Company as restrictions are eased in the UK.

Environmental, Social & Governance

The Group and the Company recognise their role as one of the world's leading mobility solutions providers. As a result there is a focus on supporting the transition to a low-carbon economy and employing practices designed to promote a more fair, just and equal workplace and community. The Group's most recent Environmental, Social & Governance (ESG) report is publicly available at www.avisbudgetgroup.com and is summarised in the financial statements of Avis Budget Group, Inc.

AVIS BUDGET UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Pension schemes

The Company operates a closed defined benefit pension scheme to which other UK companies in the Group are also associated. The most recent intermediate actuarial valuation of the scheme was undertaken as at 21 April 2022, to update and review the financial position of the Plan relative to its statutory funding objective. Further details are provided in Note 24 to the Financial Statements.

Financial risk management objectives and policies

The Directors consider that there is limited exposure to financial risk, as the majority of the Company's financial exposure is to other companies within the Avis Budget Group, Inc. group. As such the Directors have not implemented a separate policy for the Company. Instead, the Company's financial risk management objectives and policies are aligned to those of the Group.

Fleet residual value risk

The Company closely monitors the residual values of its vehicles to ensure no impairment or modifications in the estimated depreciation expense is required. Management uses professional judgement in determining residual value provisions based on the best possible information available internally and externally, trends and experience.

Public liability, property damage and other insurance liabilities risks

An element of public liability and property damage is self insured by the Company which estimates the required liability of such claims on an undiscounted basis utilising an actuarial method. Inputs into this include various assumptions which include, but are not limited to, historical loss experience and projected loss development factors.

Currency risk

The Company has exposure related to foreign denominated receivables primarily in the euro currency. The Company manages this risk by entering into foreign exchange contracts to mitigate exposure of foreign denominated receivables.

Research & development

The Company has not undertaken any research & development activities itself during the year, but benefits from developments being undertaken across the Group.

AVIS BUDGET UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires each Director of the Company to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, Section 172 requires a Director to have regard, among other matters to: the likely consequences of any decision in the long term; the interests of the Company's employees; the need to foster the Company's business relationships with customers, suppliers, licensees and others; the impact of the Company's operations on the community and environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the Company.

The Directors give careful consideration to the factors set out above in discharging their duties under Section 172. The stakeholders considered in this regard are the people who work for the Company and rent vehicles from the Company. The Directors recognise that building strong relationships with the Company stakeholders will help the Company deliver its strategy in line with its long term values and operate the business in a sustainable way.

The Directors of the Company seek to understand the interests and views of the Company's stakeholders by engaging with them directly as appropriate. Some of the ways in which the Directors engaged directly with the stakeholders over the year are detailed below:

Customers

The Company is committed to delivering a consistently high level of customer service. The Company continuously tracks customer satisfaction levels by sending location specific surveys to recent customers to gain insights. The Group continues to invest in app based products to provide customers with contactless, self service rental transactions. In response to COVID-19 the Group launched the "Avis Safety Pledge" and "Budget Worry-Free Promise", which are designed to keep customers and employees safe.

Employees

The Directors and Senior Management of the Company seek to foster an environment where communication among employees is open, honest, and respectful; performance is recognized; growth is encouraged; and accomplishments - individual and collective - are celebrated. The Company's compensation program is designed to attract, retain and motivate highly qualified employees and executives. The Company engages employees by periodic employee surveys and frequent communication with employees. The "Avis Safety Pledge" and "Budget Worry-Free Promise", are designed to keep customers and employees safe.

Suppliers

The Company maintains ongoing relationships with major vehicle manufacturers globally, leveraging both global and local relationships with such manufacturers and dealers that have been built up over many years. The Company also actively engages with lessors of locations that the Company operates at including airports and train stations.

Relationships are also maintained with major third party distribution channels to generate a significant portion of vehicle rental reservations, including: traditional and online travel agencies, airlines and hotel companies, marketing/membership partners, and global distribution systems ("GDS") that connect travel agents, travel service providers and corporations to the reservation systems.

Licensees

The Company grants third party licensees the exclusive right to independently operate under one or more of the Company's brands in certain UK territories. The Company's management meets regularly with licensees at regional, national and international meetings. As licensees pay royalty fees it is in the best interest of the Company to promote the success of the licensees.

AVIS BUDGET UK LIMITED

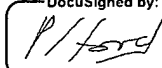
**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Section 172(1) Statement (Continued)

Shareholders

The Company is a wholly owned subsidiary of Avis Europe Holdings Limited, and the ultimate parent company is Avis Budget Group, Inc. The Company's Directors have regular dialogue with both the senior management of the Avis Budget Group International division and the senior executive management of Avis Budget Group, Inc. Given this direct dialogue, the Directors have a comprehensive understanding of the needs and expectations of its immediate shareholders.

This report was approved by the board and signed on its behalf.

DocuSigned by:

143C8375260C454...
P L Ford
Director

Date: 9 September 2022

AVIS BUDGET UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their Annual Report and the Financial Statements for the year ended 31 December 2021.

Directors & indemnities

The Directors of the Company during the year and up to the date of signing the Financial Statements are:

P L Ford
J C G Turner (resigned 31 December 2021)
N A Bell (resigned 31 December 2021)
A C Olivier-Smith (appointed 31 December 2021)

The Group has made qualifying third party indemnity provisions for the benefit of the Company's Directors during the year, which remains in force as of the reporting date.

Principal activity

The Company continues to be the UK operation of the Avis Budget Group, Inc. group of companies, a leading global provider of mobility solutions. There is no planned change to the principal activity.

Results and dividends

The profit for the year, after taxation, amounted to £11,814,000 (2020: loss £33,238,000).

The Company has not paid or proposed any dividends (2020: £nil) during the year and after the year end.

Going concern and future developments

At 31 December 2021 the Company had cash of £4,117,000 (2020: £7,984,000), net current liabilities of £152,104,000 (2020: £84,688,000) and net assets of £48,809,000 (2020: 17,348,000). When preparing the Financial Statements, the Directors assessed the Company's ability to continue as a going concern.

Avis Budget Group, Inc. has indicated that it will continue to provide financial support to the Company for at least one year from the date of signing these Financial Statements. The Directors, having reviewed the Group's latest audited consolidated financial statements, are satisfied that at the time of approving the Financial Statements, it is appropriate to adopt the going concern basis in preparing the Financial Statements. Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in Note 2.2 of the Financial Statements.

There have been no material adjusting or disclosable events since the financial year end and details of the principal activities and future developments can be found in the Strategic Report on page 1.

AVIS BUDGET UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Streamlined Energy and Carbon Reporting (SECR)

The Group and the Company is committed to innovation and moving the future of mobility forward including supporting the transition to a low carbon economy by addressing the environmental impacts of climate change and sustainability as set forth in the Group's latest published Environmental, Social & Governance (ESG) report which is publicly available at www.avisbudgetgroup.com.

The Company is committed to monitoring, measuring and managing its environmental impact, and working to reduce it where practicable on an ongoing basis. This enables the Company to meet customer expectations while building a resilient business for generations to come.

The Company continues its commitment to tackling climate change and the calculated U.K. carbon footprint for the year ended 31 December 2021 is 235.64 tCO₂e (2020: 762.77 tCO₂e), whilst energy consumption was 958,097 kWh (2020: 2,810,606 kWh).

Methodology

The Company reported all its emission sources under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required. Emissions have been calculated and reported in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2021 (reference "Introduction guidance").

The reporting period is the financial year (year ended 31 December 2021), the same as that covered by the Annual Report and Financial Statements. The boundaries of the GHG inventory are defined using the operational control approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary.

AVIS BUDGET UK LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Emissions measured by tonnes CO2 equivalent (tCO2e)

	2021	2020
Scope 1 (natural gas, transport)	89.37	194.50
Scope 2 (electricity)	132.43	510.15
Scope 3 (transport, electricity T&D)	13.84	58.12
	<u>235.64</u>	<u>762.77</u>

Scopes 1, 2 and 3 carbon intensity ratio = 0.00000367 tCO2e based on a revenue of £65,463,000 during the financial year. This decrease was a direct result of the steep fall in leisure and corporate travel due to the global COVID 19 pandemic in 2020, which began to partially recover in 2021.

Efficiency measures taken in 2021:

- Negotiated a reduction in the UK headquarters building based on staffing needs;
- Sourced rental fleet with low CO2 emissions with 100% of fleet compliance with Euro 6 standards;
- Allowed a flexible work from home policy where possible to reduce GHGs;
- Reduced the size of the Company's UK network and number of physical locations;
- Procured and leased over 300 electric vehicles through the Company's sister undertaking, Zipcar UK Ltd.

Future objectives for 2022:

- Further reductions in the UK headquarters building based on staffing needs;
- Continue with energy savings programme;
- Continue to evaluate the level of hybrid and electric vehicles (EV) in the Company's fleet.

The Company will report on progress within the year ending 31 December 2022 financial statements.

AVIS BUDGET UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's Financial Statements 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;
- 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 to 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

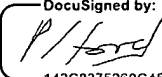
AVIS BUDGET UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:

143C8375260C454...

P L Ford
Director

Date: 9 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS BUDGET UK LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Avis Budget UK Limited ("the Company") for the year ended 31 December 2021, which comprise the Income Statement, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS BUDGET UK LIMITED (CONTINUED)

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 has 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 material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS BUDGET UK LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was 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 obtained an understanding of the legal and regulatory frameworks applicable to the company, and determined that the most significant which are directly relevant to specific assertions in the Financial Statements are those related to the reporting framework (Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006);
- We determined how the entity is complying with these legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures, corroborating our enquiries through review of board minutes;
- We used an engagement team with appropriate competence and capabilities to identify non-compliance with laws and regulations;
- We enquired with management from various parts of the business to understand where they consider there was susceptibility to fraud and inspected policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have any knowledge of any actual, suspected or alleged fraud;
- We performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that fleet rental revenue is recorded in the incorrect period and the risk that management may be in a position to make inappropriate accounting entries. We also considered performance targets and their influence on efforts made by management to manage revenues and earnings; and
- 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 related to posting inappropriate journal entries to manipulate financial position and management bias in accounting estimates. We considered the controls that the company has established to address the risks identified, or that otherwise prevent, deter and detect fraud. Where the risk was considered higher, we performed audit procedures to address each identified fraud risk. We have done this by performing operating effectiveness of controls testing and substantive testing. These procedures included challenging management on the assumptions made in their significant accounting estimates.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

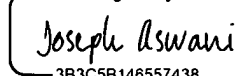
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS BUDGET UK LIMITED (CONTINUED)

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.

DocuSigned by:


3B3C5B146557438...

Joseph Aswani (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 13 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

AVIS BUDGET UK LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Revenue	4	65,463	61,851
Cost of sales		(46,202)	(56,809)
Gross profit		19,261	5,042
Administrative expenses		(19,610)	(51,734)
Other operating income	5	9,411	16,233
Operating profit/(loss)	6	9,062	(30,459)
Income from shares in group undertakings		500	500
Interest payable and similar expenses	9	(8,348)	(5,783)
Profit/(loss) before tax		1,214	(35,742)
Tax on profit/(loss)	10	10,600	2,504
Profit/(loss) for the financial year		11,814	(33,238)

The notes on pages 20 to 48 form part of these Financial Statements.

All results derive from continuing operations.

AVIS BUDGET UK LIMITED

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Profit/(loss) for the financial year		11,814	(33,238)
Other comprehensive income			
Actuarial gain/(loss) on defined benefit schemes	24	21,170	(12,480)
Movement on deferred tax relating to pension (losses)/gains	18	(1,523)	955
Other comprehensive income/(loss) for the year		19,647	(11,525)
Total comprehensive income/(loss) for the year		31,461	(44,763)

The notes on pages 20 to 48 form part of these financial statements.

AVIS BUDGET UK LIMITED
REGISTERED NUMBER: 00802486

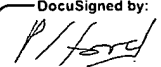
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	11	172	-
Tangible assets	12	179,938	114,312
Investments	13	9,365	9,365
		<u>189,475</u>	<u>123,677</u>
Current assets			
Stocks		636	536
Debtors	15	117,859	95,334
Cash at bank and in hand		4,117	7,984
		<u>122,612</u>	<u>103,854</u>
Creditors: amounts falling due within one year	16	(274,716)	(188,542)
Net current liabilities		<u>(152,104)</u>	<u>(84,688)</u>
Total assets less current liabilities		<u>37,371</u>	<u>38,989</u>
Creditors: amounts falling due after more than one year	17	(189)	-
Provisions for liabilities			
Other provisions	19	(17,433)	(24,651)
		<u>(17,433)</u>	<u>(24,651)</u>
Pension asset	24	29,060	3,010
Net assets		<u>48,809</u>	<u>17,348</u>
Capital and reserves			
Called up share capital	20	141,150	141,150
Share premium account	21	62,183	62,183
Profit and loss account	21	(154,524)	(185,985)
		<u>48,809</u>	<u>17,348</u>

AVIS BUDGET UK LIMITED
REGISTERED NUMBER: 00802486

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

The Financial Statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

143C8375260C454...

P L Ford
Director

Date: 9 September 2022

The notes on pages 20 to 48 form part of these financial statements.

AVIS BUDGET UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2020	141,150	62,183	(141,222)	62,111
Comprehensive expense for the year				
Loss for the year	-	-	(33,238)	(33,238)
Other comprehensive loss	-	-	(11,525)	(11,525)
Total comprehensive expense for the year	-	-	(44,763)	(44,763)
At 1 January 2021	141,150	62,183	(185,985)	17,348
Comprehensive income for the year				
Profit for the year	-	-	11,814	11,814
Other comprehensive income	-	-	19,647	19,647
Total comprehensive income for the year	-	-	31,461	31,461
At 31 December 2021	141,150	62,183	(154,524)	48,809

The notes on pages 20 to 48 form part of these financial statements.

AVIS BUDGET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

The Company is part of the Avis Budget Group, Inc. group of companies, a leading global provider of mobility solutions. The Company is a private company limited by shares and is incorporated in the United Kingdom under Companies Act 2006 and is registered in England and Wales. The address of its registered office is Avis Budget House, Park Road, Bracknell, RG12 2EW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including the Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash settled share based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The Financial Statements of the Company are consolidated in the financial statements of Avis Budget Group, Inc. These consolidated financial statements are available from its registered office, 6 Sylvan Way, Parsippany, NJ 07054 and www.avisbudgetgroup.com

The following principal accounting policies have been applied:

AVIS BUDGET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.2 Going concern

Avis Budget Group, Inc., the ultimate parent undertaking, has indicated that it will continue to provide financial support to the Company for at least one year from the date of signing these Financial Statements. The Directors, having reviewed the Group's latest audited consolidated Financial Statements, are satisfied that at the time of approving the Financial Statements, it is appropriate to adopt the going concern basis in preparing the Financial Statements.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined within 'administrative expenses' in the Income Statement.

2.4 Revenue

Revenue comprises charges for the rental of a vehicle and is recognised on a daily rental basis. Other revenue including charges arising from the provision of services incidental to vehicle rental (such as the sale of fuel and the provision of foreign exchange services to rental customers) are recognised in line with the underlying rental revenue. Other revenue also includes fees receivable from sub-licensees which is ordinarily recognised as a contracted percentage of the rental revenue of each individual sub-licensee.

All revenue relates to rendering of services in the UK. Further segment information has not been provided as in the opinion of the Directors, this would be seriously prejudicial to the interests of the Company.

2.5 Cost of sales

Cost of sales includes selling, revenue related (e.g. commissions and credit card fees) and vehicle costs. Any contributions dependent on performance criteria are recognised in the Statement of Other Comprehensive Income only to the extent that it is considered probable that the criteria will be met.

Charges recovering the cost of damages incurred to vehicles are not recognised as revenue, but are netted against the related damage repair cost within cost of sales.

2.6 Administrative expenses

Administrative expenses are recognised as an expense in the period in which they are incurred and include staff costs, non-vehicle related rental charges and other overheads.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.7 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	3 to 5 years
----------	---	--------------

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Vehicles are typically held between 9 months and 2 years, and vans are held for 3 years. Depreciation is based on estimates of future residual values or on guaranteed residual values.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 50 years or the life of the assets
Long-term leasehold property	- 5 years
Plant and machinery	- 2 to 10 years
Motor vehicles	- Variable depreciation rates as above

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

All of the investments are direct investments.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.10 Leased assets: the Company as lessee**

Leases of vehicles (including vehicles subject to manufacturer repurchase agreements) and other property, plant and equipment, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charge so as to achieve a constant rate of return on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing liabilities. The interest element of the finance cost is charged to the Income Statement over the lease period. The leased assets are depreciated over their expected useful lives on a basis consistent with similar owned vehicles or other property, plant and equipment. If there is no reasonable certainty that ownership will be acquired by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life. No assets have been held under finance leases in the current or prior period.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Income Statement on a straight line basis over the lease period.

2.11 Leased assets: the Company as lessor

Rental income from operating leases is credited to the 'administrative expenses' within the Income Statement on a straight line basis over the term of the relevant lease.

2.12 Provisions for liabilities

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provision is recognised. Provisions are measured at the value of the expenditures expected to be required to settle the obligation.

The Company limits its exposure to the cost of motor, employer and public liability claims through insurance policies issued by third parties, but self-insures subject to excess limits and annual aggregate stop losses for total claims. A provision is made for the estimated cost to the Company to settle claims for incidents occurring prior to the balance sheet date, together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but that have not yet been reported to the Company (subject to the overall stop losses) based on an assessment of the expected settlement on known claims, and after taking appropriate professional advice.

2.13 Stocks

Stocks, consisting of consumables, are valued at purchase cost. There is no material difference between the carrying value of stocks and their replacement costs.

2.14 Dividends

Final dividends to the Company's shareholders are recognised as a liability in the Financial Statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.15 Current and deferred taxation**

Current tax including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A deferred tax asset is only recognised when there are expected to be suitable future taxable profits within the tax group against which to reverse the underlying timing differences. Deferred tax balances are not discounted.

2.16 Financial instruments**Financial assets**

The classification of financial assets is determined at initial recognition depending on the purpose for which they were acquired. Any impairment is recognised in the Statement of Other Comprehensive Income as it arises.

Trade and other debtors

Trade and other debtors are recognised initially at cost less any provision for impairment.

Cash and short term deposits

Cash comprises cash in hand, demand deposits and bank overdrafts. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within "creditors" in the Statement of Financial Position.

Financial liabilities

Financial liabilities (including borrowings) are recognised initially at fair value, net of transaction costs. They are subsequently held at amortised cost unless part of a fair value hedge. Any difference between the amount on initial recognition and redemption value is recognised in the Statement of Other Comprehensive Income using the effective interest method. Short term liabilities (including trade and other creditors) are measured at original invoice amount.

Inter-company loans

Inter-company loans are measured at amortised cost using the effective interest method as reduced by appropriate allowances for estimated irrecoverable amounts.

Other creditors

Other creditors are measured at amortised cost using the effective interest method.

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the Statement of Other Comprehensive Income. If the cash flow hedge is a firm commitment or the forecast transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the Statement of Other Comprehensive Income in the same period in which the hedged item affects net profit or loss.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)
2.16 Financial instruments (continued)
Financial liabilities (Continued)
Cash flow hedges (continued)

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Other Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Statement of Other Comprehensive Income. No cash flow hedges have been held in the current or prior period.

Fair value hedges

For an effective hedge of an exposure to changes in the fair value of a hedged item, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with a corresponding entry in the Statement of Other Comprehensive Income. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are also recognised in the Statement of Other Comprehensive Income. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the Statement of Other Comprehensive Income over the period to maturity. No fair value hedges have been held in the current or prior period.

Impairment of financial assets

Financial assets, other than those held at fair value through Statement of Other Comprehensive Income, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Other Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Other Comprehensive Income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Income Statement, unless hedge accounting is applied and the hedge is a cash flow hedge.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.16 Financial instruments (continued)***Other financial liabilities (continued)*

Debt instruments are subsequently measured at fair value through Statement of Other Comprehensive Income. Debt instruments may be designated as being measured at fair value through Statement of Other Comprehensive Income to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

Derivatives

The fair values of derivative financial instruments are determined using a number of methods and assumptions based on prevailing conditions at the balance sheet date including market forward interest rates and exchange rates at the balance sheet date. Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Income Statement as they arise.

Where hedge accounting is applied, the Company documents at the inception of the transaction: the relationship between the hedging instruments and hedged item; its risk management objectives and strategy for undertaking the transaction; its assessment (both at inception and then ongoing) whether the derivatives are highly effective in offsetting changes in fair values or cash flows of the related hedged items. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

2.17 Pensions**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees, which was closed to new members in 2011. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

Defined benefit pension plan (continued)

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in the Income Statement as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Income Statement as an 'administrative expense'.

Group pension plan

Where the risks of a defined benefit plan are shared between entities under common control, the net defined benefit cost is recognised in the financial statements of the Group entity which is legally responsible for the plan and all other Group entities recognise a cost equal to their contribution payable for the period. See Note 7 and 24.

2.18 Government grants

Grants are accounted under the accruals model as required by FRS 102. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income Statement in the same period as the related expenditure.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The Company does not have any critical judgements in the process of applying the Company's accounting policies.

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

Recoverability of deferred tax asset

Significant judgement is required in determining the recoverability of a deferred tax asset. Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount of their tax bases. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Recognition of deferred tax assets, therefore, includes judgements regarding the timing and level of future taxable income. The Company's ability to recover deferred tax assets is assessed by management at the close of each financial year taking into account forecasts of future taxable results and available tax planning strategies.

Pensions

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations, and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends (see Note 24).

Self-insurance reserves

The Statement of Financial Position includes liabilities associated with retained risks of liability to third parties. Such liabilities relate to public liability and third-party damage claims. These obligations represent an estimate for both reported claims not yet paid and claims incurred but not yet reported. The estimated reserve requirements for such claims are recorded on an undiscounted basis utilising actuarial methodologies and various assumptions which include, but are not limited to, the Company's historical loss experience and projected loss development factors. The required liability is also subject to adjustment in the future based upon changes in claims experience, including changes in claims experience, including changes in the number of incidents for which the Company is ultimately liable and changes in the cost per incident.

Residual values

The Company closely monitors residual values of its vehicles to ensure no impairment is required. Regular monitoring and analysis of market trends allow accurate forecasting of residual values limiting any gain or loss on sale at the end of the vehicles life. Provisions are made should management see consistent downward trends in residuals values in the used car market.

Management uses professional judgement in determining residual value provisions. The best possible information, data, and experience is available to enable informed decisions to be made. In addition, management exercises an element of prudence when valuing the rental fleet using the industry standard valuation model as the basis for measurement.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Judgements in applying accounting policies (continued)
Impairment of investment in subsidiaries

Where there are indicators of impairment, the Company performs impairment loss calculations based upon the difference between the carrying value and the present value of the estimated future cash flows. These calculations are based upon the expected performance and future cash flows of the subsidiaries. The cash flows are derived from the previous twelve months results, unless a declining trend is identified. The cash flows do not include restructuring activities that have not been committed to or significant future investments that will enhance performance.

Impairment of trade debtors

An impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. The Company considers factors such as default or delinquency in payment, significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy in deciding whether the trade receivable should be impaired.

Carrying values of intercompany positions

The Company has intercompany receivables and payables, which it expects to be fully paid and received without a premium or discount. In assessing the recoverability of amounts owed to the Company by fellow group undertakings, Management has considered the anticipated cash flow within the wider group and the support from the ultimate parent company, and has deemed these balances recoverable.

Determination of intercompany transactions

To determine whether transactions with other subsidiary undertakings of the Company have been conducted on an arm's length basis, the Company uses the input of internal and external tax advisors and analysis of comparable companies and groups who operate in similar markets to the Company.

4. Revenue

The Company's revenue was all earned in the primary business segment, namely short term vehicle rental and in the United Kingdom.

An analysis of the Company's revenue by class of business is set out below:

	2021 £000	2020 £000
Fleet rental and related ancillary income	65,463	61,851

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Other operating income

	2021 £000	2020 £000
Global network support services	8,330	10,223
Government grants receivable	1,081	6,010
	<u>9,411</u>	<u>16,233</u>

In 2019 the Avis Budget Group, Inc. group of companies updated its intra-group arrangements in recognition of the operation of the group as an increasingly globally integrated business and to reflect the contribution that members of the wider Avis Budget Group located in different countries provide to the global network. In 2021, the intra-group arrangements were modified to reflect the group's recovery from the impact of the global COVID-19 pandemic on the business. The Company received additional income in the year in the amount of £8,330,000 (2020: £10,223,000) as a result of the arrangements, and presented the amount in other operating income.

The Company made use of the Government Coronavirus Job Retention Scheme (CJRS) during the year claiming £1,060,000 (2020: £5,305,000). Between January and September 2021 the Company had an average of 126 (2020: 538) employees on the scheme, who were on furlough an average of 64% (2020: 89%) of the time, using the "flexible furlough" option. The Company has followed all the rules attached to the CJRS and has therefore recognised grants received in full.

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2021 £000	2020 £000
Re-measurement losses on hedging derivatives	79	443
Exchange differences	2,347	(1,338)
Fees payable to the Company's Auditor for the audit of the Company's Financial Statements	70	68
Depreciation of tangible fixed assets	18,721	26,168
Amortisation of intangible fixed assets	98	11
Bad and doubtful debts	962	460
Other operating lease rentals	2,158	6,486
Intercompany royalty fee	2,208	1,900
Redundancy costs	518	5,877
Profit on sale of fixed assets	<u>(4,836)</u>	<u>(3,626)</u>

Net re-measurement losses on hedging derivatives of £79,000 (2020: loss £443,000), comprises fully of realised losses.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2021 £000	2020 £000
Wages and salaries	12,334	24,428
Social security costs	1,169	1,992
Credit of defined benefit scheme	(2,153)	(724)
Cost of defined contribution scheme	333	1,030
	<u>11,683</u>	<u>26,726</u>

The defined benefit scheme credit includes contributions by group entities of £3,143,000 (2020: £946,000).

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Operations	142	290
Sales and reservations	10	12
Administrative and finance	49	65
	<u>201</u>	<u>367</u>

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	404	384
Company contributions to defined contribution pension schemes	13	21
	<u>417</u>	<u>405</u>

During the year retirement benefits were accruing to 2 Directors (2020: 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £243,000 (2020: £228,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £7,000 (2020: £12,000).

One Director is paid by a fellow subsidiary, Avis Budget Services Limited, and disclosure of their remuneration can be found in the accounts of that Company, which are available from Companies House.

9. Interest payable and similar expenses

	2021 £000	2020 £000
Loans from group undertakings	6,458	2,661
Finance leases and hire purchase contracts	1,890	3,122
	<u>8,348</u>	<u>5,783</u>

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Taxation

	2021 £000	2020 £000
Corporation tax		
UK corporation tax on profits for the period	(3,360)	(2,678)
Adjustments in respect of previous periods	1,192	1,570
Total Tax	<u>(2,168)</u>	<u>(1,108)</u>
Deferred tax		
Origination and reversal of timing differences	3,168	(3,903)
Adjustment in respect of previous periods	(1,285)	2,507
Effects of changes to tax rates	(10,315)	-
Total deferred tax	<u>(8,432)</u>	<u>(1,396)</u>
Taxation on loss on ordinary activities	<u>(10,600)</u>	<u>(2,504)</u>

Factors affecting tax charge for the year

The standard rate of tax applied to the reported profit on ordinary activities is 19% (2020: 19%). The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2021 £000	2020 £000
Profit/(loss) on ordinary activities before tax	<u>1,214</u>	<u>(35,742)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	231	(6,791)
Effects of:		
Expenses not deductible for tax purposes	269	486
Income not taxable	(597)	(181)
Non-taxable dividend	(95)	(95)
Adjustments in respect of prior periods	(93)	4,077
Tax rate changes	(10,315)	-
Total tax credit for the year	<u>(10,600)</u>	<u>(2,504)</u>

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Taxation (continued)**Factors that may affect future tax charges**

In addition to the amount credited to the Income Statement, the following amounts relating to tax have been recognised directly in other comprehensive income.

	2021 £000	2020 £000
Deferred tax arising on:		
Origination and reversal of timing differences	1,523	(955)
Total tax recognised in other comprehensive income	<u>1,523</u>	<u>(955)</u>

Legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023 is included in Finance Act 2021 which was substantively enacted on 24 May 2021.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Intangible assets

	Computer software £000
Cost	
At 1 January 2021	184
Additions	270
Disposals	(184)
At 31 December 2021	<u>270</u>
Amortisation	
At 1 January 2021	184
Charge for the year on owned assets	98
On disposals	(184)
At 31 December 2021	<u>98</u>
Net book value	
At 31 December 2021	<u><u>172</u></u>
At 31 December 2020	<u><u>-</u></u>

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Tangible assets

	Freehold property £000	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2021	3,417	4,387	5,322	121,744	134,870
Additions	-	25	154	131,488	131,667
Disposals	(3,334)	(2,521)	(2,855)	(58,854)	(67,564)
At 31 December 2021	83	1,891	2,621	194,378	198,973
Depreciation					
At 1 January 2021	2,854	3,533	3,756	10,415	20,558
Charge for the year on owned assets	61	433	548	17,679	18,721
Disposals	(2,907)	(2,447)	(2,593)	(12,297)	(20,244)
At 31 December 2021	8	1,519	1,711	15,797	19,035
Net book value					
At 31 December 2021	75	372	910	178,581	179,938
At 31 December 2020	563	854	1,566	111,329	114,312

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2021	18,565
At 31 December 2021	<u>18,565</u>
Impairment	
At 1 January 2021	9,200
At 31 December 2021	<u>9,200</u>
Net book value	
At 31 December 2021	<u>9,365</u>
At 31 December 2020	<u>9,365</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Holding
Avis Pension Trustees Limited	Avis Budget House, Park Road, Bracknell, RG12 2EW	Management	100%
Avis Rent A Car (Isle of Man) Limited	PO Box 227, Clinches House, Lord Street, Douglas, IM99 1RZ, Isle of Man	Dormant	100%
Avis Europe Risk Management Limited	Avis Budget House, Park Road, Bracknell, RG12 2EW	Insurance	100%
ACL Hire Limited	47 West Main Street, Blackburn, Bathgate, West Lothian, EH47 7LT	Commercial Vehicle Hire	100%

All subsidiaries are wholly owned by the Company.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Financial risk management

The Company's risk management objectives and policies are aligned to those of Avis Budget Group, Inc., relevant extracts of which are detailed below:

Financial risk management objectives and policies

We are exposed to a variety of market risks, including changes in currency exchange rates, interest rates and gasoline prices. We manage our exposure to market risks through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments, particularly swap contracts, futures and options contracts, to manage and reduce the interest rate risk related to our debt; currency forward contracts to manage and reduce currency exchange rate risk; and derivative commodity instruments to manage and reduce the risk of changing unleaded gasoline prices.

We are exclusively an end user of these instruments. We do not engage in trading, market-making or other speculative activities in the derivatives markets. We manage our exposure to counterparty credit risk related to our use of derivatives through specific minimum credit standards, diversification of counterparties, and procedures to monitor concentrations of credit risk. Our counterparties are substantial investment and commercial banks with significant experience providing such derivative instruments.

Our total market risk is influenced by a wide variety of factors including the volatility present within the markets and the liquidity of the markets. There are certain limitations inherent in the sensitivity analyses discussed below. These "shock tests" are constrained by several factors, including the necessity to conduct the analysis based on a single point in time and the inability to include the complex market reactions that normally would arise from the market shifts modelled.

Currency risk management

We have currency rate exposure to exchange rate fluctuations worldwide and particularly with respect to the US dollar, the Euro and British pound sterling. We use currency forward contracts and currency swap contracts to manage currency exchange rate risk that arises from certain intercompany transactions and from non-functional currency denominated assets and liabilities and earnings denominated in non-sterling currencies. Our currency forward contracts are often not designated as hedges and therefore changes in the fair value of these derivatives are recognised in earnings as they occur. We anticipate that such currency exchange rate risk will remain a market risk exposure for the foreseeable future.

At the reporting end date, the Company had derivative financial instruments of £37,000 (2020: £31,000).

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Debtors

	2021 £000	2020 £000
Trade debtors	13,647	13,568
Amounts owed by group companies	40,473	36,837
Amounts owed by subsidiary undertakings	742	275
Other taxation and social security	9,309	-
Prepayments and accrued income	4,507	3,138
Group relief debtor	5,732	4,982
Deferred taxation	43,412	36,503
Derivative financial instruments	37	31
	<u>117,859</u>	<u>95,334</u>

There were no fixed or floating rate intercompany loans. The balance of £40,473,000 (2020: £36,837,000) with other group undertakings and the balance of £742,000 (2020: £275,000) with subsidiary undertakings are unsecured, interest free and payable on demand with a legal right to offset.

No allowance for bad debts with respect to fellow group and subsidiary undertakings has been made, as all amounts owed by fellow group and subsidiaries, are expected to be fully recoverable. However, a provision for doubtful debts of £2,600,000 (2020: £3,108,000) has been made against the trade debtors at year end.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Bank loans	106,349	45,057
Trade creditors	3,602	8,269
Amounts owed to group companies	147,688	110,364
Amounts owed to subsidiary undertakings	2,987	3,220
Other taxation and social security	210	7,883
Other creditors	391	-
Accruals and deferred income	13,489	13,749
	<u>274,716</u>	<u>188,542</u>

Within amounts owed to group companies, £143,302,000 (2020: £108,133,000) is an unsecured intercompany loan. These intercompany loans are fixed rate with a weighted average cost for amounts owed to fellow subsidiaries at 31 December 2021 of 4.63% (2020: 2.79%). There were no floating rate intercompany loans. The remaining balance of £4,386,000 (2020: £2,231,000) with fellow group subsidiary is unsecured, interest free and payable on demand.

Within amounts owed to subsidiary undertakings, £3,477,000 (2020: £4,330,000) is an unsecured intercompany loan repayable on demand. These intercompany loans are fixed rate with a weighted average cost for amounts owed to subsidiary undertakings at 31 December 2021 of 4.86% (2020: 2.54%). There were no floating rate intercompany loans. The loan is offset by a current balance with the same group undertaking of £490,000 (2020: £1,110,000) which is unsecured, interest free and repayable on demand with a legal right to offset.

Banks and other loans encompass secured loans carrying an average interest rate of 3.43% (2020: 2.68%) and are payable on demand.

17. Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Accruals and deferred income	<u>189</u>	<u>-</u>

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Deferred taxation

	2021 £000
At beginning of year	36,503
Credited to income statement	8,432
Charged to other comprehensive income	(1,523)
At end of year	43,412

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	44,921	36,015
Retirement benefit obligation	(2,713)	(125)
Other timing differences	1,204	613
	<u>43,412</u>	<u>36,503</u>

Deferred tax arising in relation to retirement benefit obligations has been calculated on the balance relating to Avis Budget UK Limited employees only.

There is no expiry date on accelerated capital allowances or other timing differences.

Legislation to increase the main rate of corporation to 25% from 1 April 2023 is included in Finance Act 2021 which was substantively enacted on 24 May 2021.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Provisions

	Insurance Reserves £000	Other Trading £000	Total £000
At 1 January 2021	18,764	5,887	24,651
Charged to profit or loss	4,494	186	4,680
Utilised in year	(9,269)	(2,629)	(11,898)
At 31 December 2021	13,989	3,444	17,433

Insurance reserves represent provisions for losses under third party liabilities or claims. Due to the timescales and uncertainties involved in such claims, provision is made upon the profile of claims experience, allowing for potential claims for a number of years after policy inception.

Other trading provisions primarily comprise of dilapidation and onerous lease provisions to cover the costs of remediation of certain properties held under operating leases, the ultimate expenditure of which is expected to be coterminous with the underlying remaining lease periods.

20. Share capital

	2021 £000	2020 £000
Authorised, allotted, called up and fully paid		
141,150,100 (2020: 141,150,100) Ordinary shares of £1.00 each	141,150	141,150

All shares are fully authorised and issued at £1.00. The Company has one class of ordinary shares which carry no right to fixed income.

21. Reserves**Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

This reserve records all current and prior accumulated profits and losses.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

22. Contingent liabilities

The Company has entered into a cross-guarantee arrangement with its bankers, under which the Company's funds may be used to offset the liabilities of other Group undertakings. As at 31 December 2021, the liabilities of the relevant other Group undertakings amounted, in aggregate, to £nil (2020: £nil).

The Directors are of the opinion that these arrangements will not have a material impact on the results and financial position of the Company.

23. Capital commitments

At 31 December 2021 the Company had capital commitments contracted for but not provided amounting to £nil (2020: £nil) for building works and £106,365,000 (2020: £45,194,000) for committed vehicle purchases, all of which will be settled within the following year.

24. Pension commitments

The Company operates a Defined Benefit Pension Scheme.

The Company is one of the participating companies of the Avis UK Pension Plan (the Plan), to which other UK subsidiary companies of the Group are also associated.

The previous full defined benefit scheme (the 'Final Salary' section) in the UK was closed to new joiners in 2003 and existing members in 2007. The 'Retirement Capital Plan' (RCP) section was introduced in 2003 and closed to new members in 2011, at which time existing members joined the 'Defined Contribution' (DC) section of the Plan for future service. All new joiners from July 2011 are eligible to join the DC section and in September 2013, to comply with legislation, the Company introduced an Automatic Enrolment tier to the DC section. The participating companies of the Plan retain investment and inflation risk, as well as longevity risk in the Final Salary Section of the plan. Assets for the Final Salary and RCP sections are pooled and the investment strategy is set by the Plan Trustees following consultation with the Company and the other participating companies. The three sections above form part of the Avis UK Pension Plan.

Defined contribution scheme

The defined contribution retirement benefit scheme is operated for all qualifying employees. The total expense charged to the income statement in the year ended 31 December 2021 was £333,000 (2020: £1,030,000).

The Company contributions to the DC plan depend on member choices. The contribution levels were Tier 1: employee 3%, Company 6%; Tier 2: employee 4%, Company 8%. Tier 1 and Tier 2 levels closed to new entrants on 1 May 2019. From July 2020, Tier 2 Company contributions were reduced to 6%. In the Automatic Enrolment tier, the employee and employer contributions were 5% and 3% respectively. From April 2019 Company contributions increased to 4%.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

24. Pension commitments (continued)**Defined benefit scheme**

In accordance with FRS 102, the net defined benefit cost of the defined benefit plan is recognised in the individual financial statements of the group entity which is legally responsible for the plan. The other group entities shall, in their individual financial statements, recognise a cost equal to their contribution payable for the period. As such, the plan is recognised in the Financial Statements of Avis Budget UK Limited. The contributions paid by the other group entities has been recorded as a reduction to the cost recorded by the Company in the year.

As the Final Salary and the RCP Sections of the Plan are closed to future service, the Employer does not make normal contributions in respect of those Sections. During 2021, the Company made additional deficit funding of £2,363,000 (2020: £946,000) to the Final Salary and Retirement Capital Plan section.

A intermediate actuarial valuation was prepared as at 21 April 2022 to review the financial position of the Plan relative to its statutory funding objective. Based on a full actuarial valuation as at 31 March 2020, it was agreed with the Trustee that with effect from 1 July 2021 deficit contribution payments of £2,453,000 would become due on the first working day of each January and July commencing July 2021 and ending July 2023, and £2,300,000 due on 1 January 2024. It was also agreed to reduce the contributions should the funding level exceed 100%, or the contribution payment would be expected to take the funding level above 100%.

The actuarial valuations of the Avis UK Pension Plan were prepared using the projected unit credit method, and were carried out by Willis Towers Watson, independent consulting actuaries.

Reconciliation of present value of plan liabilities:

	2021	2020
	£000	£000
Reconciliation of present value of plan liabilities		
Pension liability - b/fwd	300,630	267,750
Current service cost	150	160
Interest cost	4,460	5,560
Benefits paid	(7,960)	(6,420)
Remeasurement of obligation	(590)	33,580
At the end of the year	<u>296,690</u>	<u>300,630</u>

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

24. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2021 £000	2020 £000
At the beginning of the year	303,640	281,120
Administrative expenses	(920)	(350)
Interest income	4,540	5,840
Actuarial gains	20,580	21,100
Contributions	5,870	2,350
Benefits paid	(7,960)	(6,420)
At the end of the year	325,750	303,640

Composition of plan assets:

	2021 £000	2020 £000
Equities	103,263	115,383
Bonds	45,605	60,728
Other	176,882	127,529
Total plan assets	325,750	303,640

The plan assets do not include any of the Group's financial instruments nor is any property occupied by any Avis Budget Group, Inc. group entity.

	2021 £000	2020 £000
Fair value of plan assets	325,750	303,640
Present value of plan liabilities	(296,690)	(300,630)
Net pension scheme assets	29,060	3,010

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

24. Pension commitments (continued)

The amounts recognised in the Income Statement are as follows:

	2021 £000	2020 £000
Current service cost	150	160
Net interest on defined benefit assets	(80)	(280)
Other costs	920	350
Group entity contributions	(3,143)	(954)
Total	<u>(2,153)</u>	<u>(724)</u>

The amounts recognised in Other Comprehensive Income are as follows:

Actual return on scheme assets	(25,120)	(26,940)
Calculated interest element	4,540	5,840
Actuarial changes to related obligations	(590)	33,580
Actuarial (gain)/loss on defined benefit scheme	<u>(21,170)</u>	<u>12,480</u>

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

24. Pension commitments (continued)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2021	2020
	%	%
Discount rate	1.9	1.5
Future pension increases	2.3	2.1
Inflation assumption *	3.0	2.5
Mortality rates - remaining years:		
- for a male aged 65 now	21	21
- at 65 for a male aged 45 now	22	22
- for a female aged 65 now	24	24
- at 65 for a female member aged 45 now	25	25

*The inflation rate assumption was set with reference to the Consumer Price Index

Investigations have been carried out within the past three years into the mortality experience of the UK's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are shown above.

AVIS BUDGET UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

25. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Land and buildings		
Not later than 1 year	1,109	1,399
Later than 1 year and not later than 5 years	1,818	1,766
Later than 5 years	286	43
	<u>3,213</u>	<u>3,208</u>
	2021 £000	2020 £000
Vehicles		
Not later than 1 year	2,401	3,061
Later than 1 year and not later than 5 years	305	365
	<u>2,706</u>	<u>3,426</u>

26. Related party transactions

The Company has taken advantage of the exemption within Paragraph 1.12 of FRS 102, for wholly owned subsidiary undertakings not to disclose transactions with other entities within the same group. The consolidated financial statements for Avis Budget Group, Inc., in which the Company is included, are publicly available at www.avisbudgetgroup.com.

27. Post balance sheet events

After the year end, the Company's shares were transferred from Avis Europe Overseas Limited to Avis Europe Holdings Limited on 5 July 2022, which are both part of the same group of companies owned by Avis Budget EMEA Limited.

28. Controlling party

At the year end the Company was a subsidiary undertaking of Avis Europe Overseas Limited which is part of the group of companies owned by Avis Budget EMEA Limited. Both these parent undertakings are registered in England and Wales. The smallest and largest parent undertaking to consolidate the Financial Statements of the Company is Avis Budget Group, Inc., which is incorporated in the United States of America and registered on NASDAQ. The financial statements of Avis Budget Group, Inc. are publicly available at www.avisbudgetgroup.com.