

CILVA HOLDINGS LIMITED
REGISTERED NUMBER: 2341945

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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CILVA HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 December 2008.

Principal Activities

The Company is an intermediate holding company of the Avis Europe plc group of companies.

Review of the Business and Future Developments

The Company has continued to trade and has performed as expected throughout the year. The Directors expect the Company to continue to transact business as an intermediate holding company in the coming year.

Given the nature of the business, the Directors are of the opinion that analysis using key performance indicators is not required in order to understand the development, performance or position of the business.

Results and Dividends

The Company made a profit after taxation for the year of £9,952,000 (2007: £20,700,000). The Directors do not recommend the payment of a dividend on the ordinary shares (2007: nil).

Payments to Creditors

It is the Company's practice to agree terms of payment at the start of business with each supplier, to ensure that suppliers are aware of the terms of payment, and to pay in accordance with contractual and other legal obligations. The Company had no trade creditors at 31 December 2008 (2007: nil).

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 in the Avis Europe plc group. As such the Directors have not implemented a policy for the Company. Instead, the Company's financial risk management objectives and policies are aligned to those of the Avis Europe plc group of companies, which are as disclosed in the consolidated financial statements of Avis Europe plc.

Directors

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

S B D Fillingham
P L Ford (appointed 11 July 2008)
E P Gates (resigned 11 July 2008)

CILVA HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Financial Statements are required by law to 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 those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 1985. 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.

Statement of Disclosure of Information to Auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

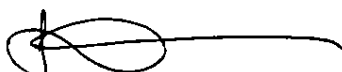
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that ought to have been taken as Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Auditors

PricewaterhouseCoopers LLP continue in office as auditors since the Company has elected to dispense with the annual reappointment of auditors as permitted by Section 386 of the Companies Act 1985.

By Order of the Board



J A Nicholson
Secretary
28 April 2009

CILVA HOLDINGS LIMITED

Independent auditors' report to the members of Cilva Holdings Limited

We have audited the Financial Statements of Cilva Holdings Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion:

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading
28 April 2009

CILVA HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	<u>Notes</u>	<u>2008</u> <u>£000</u>	<u>2007</u> <u>£000</u>
Other operating expenses		(12,146)	-
Operating loss	4	(12,146)	-
Interest receivable on loans to group undertakings		22,098	20,700
Profit on ordinary activities before taxation		9,952	20,700
Tax on profit on ordinary activities	5	-	-
Retained profit for the financial year	9	<u>9,952</u>	<u>20,700</u>

The profit and loss account for the Company is entirely in respect of continuing operations. There is no difference between the profit on ordinary activities before taxation and the retained profit transferred to reserves for the year stated above and their historical equivalents.

In both the current and the prior year, all recognised gains and losses are included in the profit and loss account and therefore a statement of recognised gains and losses has not been presented.

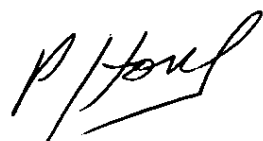
The accompanying Notes on pages 6 to 10 form an integral part of these Financial Statements.

CILVA HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	<u>Notes</u>	<u>2008</u> <u>£000</u>	<u>2007</u> <u>£000</u>
Fixed assets			
Investments	6	1,110,033	1,122,191
Current assets:			
Cash at bank and in hand		12	-
Debtors: Amounts owed by group undertakings	7	342,914	320,816
Net current assets		<u>342,926</u>	<u>320,816</u>
Total assets less current liabilities being net assets		<u>1,452,959</u>	<u>1,443,007</u>
Capital and reserves			
Called-up share capital	8	1,134,241	1,134,241
Share premium account	9	548,313	548,313
Profit and loss account deficit	9	(229,595)	(239,547)
Shareholder's funds - equity	10	<u>1,452,959</u>	<u>1,443,007</u>

The Financial Statements on pages 4 to 10 were approved by the Board on 28 April 2009 and were signed on its behalf by:



P L Ford

Director

CILVA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1. Statement of Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

(a) Basis of Accounting

The Financial Statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the Companies Act 1985. The Company is exempt under Section 228 of the Companies Act 1985 from the requirement to present group financial statements as it is a wholly owned subsidiary undertaking of Avis Europe Investments Limited which is part of the group of companies owned by Avis Europe plc, a company incorporated in the UK, which itself prepares consolidated financial statements.

(b) Cash Flow Statement

The Company is included in the consolidated financial statements of Avis Europe plc, which are publicly available, and therefore has elected to utilise the exemption provided in Financial Reporting Standard 1 (Revised 1996), Cash flow statements, and not produce a cash flow statement.

(c) Investments

Investments are stated at cost unless, in the opinion of the Directors, there has been an impairment in the value of an investment, when an appropriate provision is made.

(d) Foreign Currency

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the year end. Transactions during the year are recorded at rates of exchange in effect when the transaction occurs. Profits and losses on exchange are dealt with in the profit and loss account.

(e) Deferred Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19, Deferred tax. 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.

(f) 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.

2. Directors' emoluments and employees

The Directors received no emoluments in respect of their services to the Company during the year (2007: nil).

The average monthly number of Directors during the year was 2 (2007: 2). There were no other employees during the year (2007: nil).

3. Auditors' remuneration

The auditors' remuneration is borne by Avis Management Services Limited, a fellow subsidiary undertaking.

CILVA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2008

4. Operating loss

Operating loss is stated after charging the following:

	2008 £000	2007 £000
Provision against investment in subsidiary (see Note 6)	(12,146)	—

5. Tax on profit on ordinary activities

	2008 £000	2007 £000
(i) Analysis of charge in year		
Current tax	—	—
Deferred tax	—	—
Tax on profit on ordinary activities	—	—

(ii) Factors affecting the current tax charge for the year

The current tax charge for the year is lower (2007: lower) than the standard rate of UK corporation tax (28.5% (2007: 30%)) and is explained as follows.

Profit on ordinary activities before taxation	9,952	20,700
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	2,836	6,210
Group relief for nil consideration	(6,298)	(6,210)
Expenses not deductible	3,462	—
Current tax	—	—

As announced in the 2007 budget, the corporation tax rate decreased to 28% in 2008. The standard rate of 28.5% represents the change in rate (30% to March 2008 and 28% thereafter).

6. Investments

	Shares in subsidiary undertaking £000	Investment in Gilts £000	Total £000
<u>Cost</u>			
At 1 January 2008	1,562,003	12	1,562,015
Disposal	—	(12)	(12)
31 December 2008	<u>1,562,003</u>	<u>—</u>	<u>1,562,003</u>
<u>Provision for impairment</u>			
At 1 January 2008	439,824	—	439,824
Current year provision	12,146	—	12,146
At 31 December 2008	<u>451,970</u>	<u>—</u>	<u>451,970</u>
<u>Net book amount</u>			
At 31 December 2008	<u>1,110,033</u>	<u>—</u>	<u>1,110,033</u>
At 31 December 2007	<u>1,122,179</u>	<u>12</u>	<u>1,122,191</u>

CILVA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2008

6. Investments (continued)

The Company's principal investment, in which the Company holds 100% of the issued ordinary share capital, is Avis Europe Holdings Limited, which is incorporated in the United Kingdom. Avis Europe Holdings Limited is an intermediate holding company of the Avis Europe plc group of companies.

In accordance with the requirements of FRS 11, Impairments of fixed assets and goodwill, the Directors have undertaken an impairment review of the carrying value of its investment in subsidiary undertakings. As a consequence of this review as at 31 December 2008, a further provision of £12,146,000 has been recognised (2007: nil) based on a value in use calculation.

In determining the value in use, the Directors calculated the present value of the estimated future cash flows expected to arise based on management's latest three-year plans, with extrapolation thereafter. The calculated value in use is sensitive to a number of assumptions which are discussed in turn below. These potential changes in key assumptions fall well within historic variations experienced by the business and are therefore considered reasonably possible:

EBIT margin – The long-term EBIT margin is fixed by reference to management's estimated EBIT margin as at 2011. An increase/(decrease) in the EBIT margin by 50 basis points in 2010 only would result in a (decrease)/increase in the impairment provision of circa £(4,000,000)/£4,000,000. An increase/(decrease) in the long-term EBIT margin by 50 basis points in 2011 and beyond would result in a (decrease)/increase in the impairment provision of circa £(12,000,000)/£76,000,000.

Discount rate – Future cash flows are discounted using a pre-tax discount rate of 10.2%. An increase/(decrease) in the discount rate of 50 basis points would result in an increase/(decrease) in the impairment provision of circa £109,000,000/£(12,000,000).

Long-term growth rate – Cash flows beyond an initial three-year period are extrapolated using a long-term average nominal growth rate of 4.0% (2007: 4.0%) comprising a real growth rate of 2.0% and inflationary rate of 2.0%. A (decrease)/increase in the nominal growth rate of 1.0% to 3.0%/5.0% would result in an increase/(decrease) in the impairment provision of circa £29,000,000/£(12,000,000).

Exchange rate – The value in use calculation is performed in euros in line with the majority of the cash flows of the Company's subsidiaries. The resultant euro valuation is translated into sterling at the closing exchange rate. The main forecasted non-euro cash flows are denominated in sterling and are converted to euro based on a long-term euro/sterling exchange rate expected to be in place at the time of the forecast transaction. Most sterling cash flows are forecast to be converted into euro at a forecast exchange rate of 1.27. An increase/(decrease) in the euro/sterling exchange rate by one euro cent would result in an increase/(decrease) in the impairment provision of circa £5,000,000/£(5,000,000) arising upon the translation of sterling cash flows. This analysis excludes any trading impacts which may arise from changes in exchange rates.

In the opinion of the Directors, the value of the Company's investment is not less than the amount at which the investment is now stated in the balance sheet.

7. Debtors

Amounts owed by group undertakings are unsecured, carry an interest rate of 6.7% (2007: 6.8%) and are payable on demand.

8. Called-up share capital

	2008 £000	2007 £000
Authorised, allotted, fully paid and issued share capital:		
11,342,411,642 Ordinary shares of 10p each	<u>1,134,241</u>	<u>1,134,241</u>

CILVA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2008

9. Reserves

	At 1 January 2008 <u>£000</u>	Profit transferred to reserves <u>£000</u>	At 31 December 2008 <u>£000</u>
Provision against investment in subsidiary undertaking	(364,685)	-	(364,685)
Other non-distributable reserves	<u>117,171</u>	-	<u>117,171</u>
Total non-distributable reserves	(247,514)	-	(247,514)
Distributable reserves	<u>7,967</u>	<u>9,952</u>	<u>17,919</u>
Total profit and loss account	(239,547)	9,952	(229,595)
Share premium account	<u>548,313</u>	-	<u>548,313</u>
Total reserves	<u>308,766</u>	<u>9,952</u>	<u>318,718</u>

The Directors review the carrying value of the Company's investments on an annual basis, and revalued certain of the Company's investments in subsidiary undertakings as at 31 December 2003 to their recoverable amount based upon their value in use. Prior to 1 January 2004, the Directors considered the value of the remaining fixed assets without actually revaluing those assets and were satisfied that the aggregate value of those assets was not less than the aggregate amounts stated in the Company's Financial Statements.

As at 31 December 2008, in accordance with the requirements of FRS11, Impairments of fixed assets and goodwill, the Directors undertook an impairment review of the carrying value of its investments in subsidiary undertakings and recognised an impairment provision to reduce the carrying value to the recoverable value as at 31 December 2008. The Directors have considered the value of the remaining fixed assets as at 31 December 2008 without actually revaluing those assets. The Directors are satisfied that the aggregate value of those assets whose value they have considered was not less than the aggregate amount at which those assets are stated in the Company's Financial Statements.

In accordance with Section 275 of the Companies Act 1985, the provision made in respect of the revaluation of the Company's investment in Avis Europe Holdings Limited prior to 1 January 2004 does not fall to be classified as a realised loss, whereas the impairment provision recognised in the years ended 31 December 2004 and 31 December 2008 are classified as realised. Therefore the carried forward distributable reserves of the Company are £17,919,000 (2007: £7,967,000).

10. Reconciliation of movement in equity shareholder's funds

	2008 <u>£000</u>	2007 <u>£000</u>
Profit for the financial year	9,952	20,700
Opening equity shareholder's funds	<u>1,443,007</u>	<u>1,422,307</u>
Closing equity shareholder's funds	<u>1,452,959</u>	<u>1,443,007</u>

CILVA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2008

11. Commitments and contingencies

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 the other group undertakings. As at 31 December 2008, the liabilities of the relevant other group undertakings amounted, in aggregate, to £1,303,000 (2007: £5,649,000).

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

12. Ultimate parent undertaking

The Company is a subsidiary undertaking of Avis Europe Investments Limited which is part of the group of companies owned by Avis Europe plc. Both these parent undertakings are registered in England and Wales. Avis Europe plc is the smallest parent undertaking to consolidate the Financial Statements of the Company. The largest parent undertaking to consolidate the Financial Statements of the Company is s.a. D'Ieteren n.v, which is incorporated in Belgium. The financial statements of both companies can be obtained from Avis House, Park Road, Bracknell, Berkshire RG12 2EW. The ultimate controlling party of s.a. D'Ieteren n.v. is the D'Ieteren family.

13. Related party transactions

The Company has taken advantage of the exemption within FRS 8: Related Party Transactions, for wholly owned subsidiary undertakings not to disclose transactions with other entities within the same group. The consolidated financial statements for Avis Europe plc, in which the Company is included, are publicly available at the address given above.