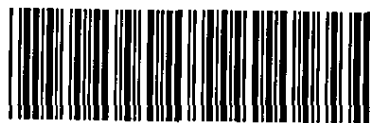


**CILVA HOLDINGS LIMITED**  
REGISTERED NUMBER 2341945

DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009

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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 2009

### **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 £21,941,000 (2008: £9,952,000). No interim dividend was paid during the year (2008: nil). The Directors do not recommend the payment of a final dividend (2008: 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 2009 (2008: 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

# **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). Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **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

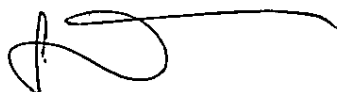
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that ought to have been taken as Director in order to make themselves aware of any relevant audit information and to establish that the Company's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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### **Auditors**

PricewaterhouseCoopers LLP will continue in office as permitted by Section 487 of the Companies Act 2006.

By Order of the Board



J A Nicholson  
Company Secretary  
12 March 2010

# **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 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements.

### **Opinion on 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 2009 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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.



Sam Taylor (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

12 March 2010.

# CILVA HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	<u>Notes</u>	<u>2009</u> <u>£000</u>	<u>2008</u> <u>£000</u>
Other operating expenses		-	(12,146)
<b>Operating loss</b>	<b>4</b>	-	(12,146)
Interest receivable on loans to group undertakings		21,941	22,098
<b>Profit on ordinary activities before taxation</b>		21,941	9,952
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial year</b>	<b>9</b>	<u>21,941</u>	<u>9,952</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.

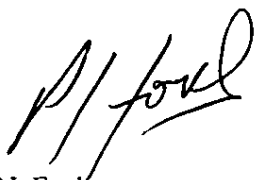
The accompanying Notes on pages 6 to 10 form an integral part of these Financial Statements.

# CILVA HOLDINGS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2009

	<u>Notes</u>	<u>2009</u> <u>£000</u>	<u>2008</u> <u>£000</u>
<b>Fixed assets</b>			
Investments	6	1,110,033	1,110,033
<b>Current assets:</b>			
Cash at bank and in hand		12	12
Debtors Amounts owed by group undertakings	7	364,855	342,914
		<hr/>	<hr/>
<b>Net current assets</b>		364,867	342,926
		<hr/>	<hr/>
<b>Total assets less current liabilities being Net Assets</b>		<u>1,474,900</u>	<u>1,452,959</u>
<b>Capital and reserves</b>			
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	(207,654)	(229,595)
		<hr/>	<hr/>
<b>Shareholder's funds - equity</b>	10	<u>1,474,900</u>	<u>1,452,959</u>

The Financial Statements on pages 4 to 10 were approved by the Board on 12 March 2010 and were signed on its behalf by



P L Ford  
Director  
Cilva Holdings Limited  
Registered No 2341945

# **CILVA HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2009

### **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 2006. The Company is exempt under Section 400 of the Companies Act 2006 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 England and Wales, 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 (2008 nil)

The average monthly number of Directors during the year was 2 (2008 2). There were no other employees during the year (2008 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 2009

### 4. Operating loss

Operating loss is stated after charging the following

	2009 £000	2008 £000
Provision against investment in subsidiary (see Note 6)	<u>-</u>	<u>(12,146)</u>

### 5. Tax on profit on ordinary activities

	2009 £000	2008 £000
(i) Analysis of charge in year		
Current tax	-	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

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

The current tax charge for the year is lower (2008 lower) than the standard rate of UK corporation tax (28%) (2008 28.5%) and is explained as follows

Profit on ordinary activities before taxation	<u>21,941</u>	<u>9,952</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	6,143	2,836
Group relief received for nil consideration	(6,143)	(6,298)
Expenses not deductible	-	3,462
Current tax	<u>-</u>	<u>-</u>

In 2008, the standard rate of 28.5% represents the change in rate as announced in the 2007 Budget (30% to March 2008 and 28% thereafter)

### 6. Investments

	Shares in subsidiary undertaking £000
<u>Cost</u>	
At 1 January 2009 and 31 December 2009	<u>1,562,003</u>
<u>Provision for impairment</u>	
At 1 January 2009 and At 31 December 2009	<u>451,970</u>
<u>Net book amount</u>	
At 31 December 2009	<u>1,110,033</u>
At 31 December 2008	<u>1,110,033</u>

# CILVA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

### 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 England and Wales. 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. No further provision has been recognised as a consequence of this review at 31 December 2009 (2008: £12,146,000) 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 five-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 2015. An increase/(decrease) in the long-term EBIT margin by 50 basis points in 2015 and beyond would result in an increase/(decrease) in the value in use of £47,000,000/£(47,000,000) and would have no impact on the impairment provision.

**Discount rate** – Future cash flows are discounted using a pre-tax discount rate of 10.8%. An increase/(decrease) in the discount rate of 50 basis points would result in a (decrease)/increase in the value in use of £(65,000,000)/£64,000,000 and would have no impact on the impairment provision.

**Long-term growth rate** – Cash flows beyond an initial five-year period are extrapolated using a long-term average nominal growth rate of 4.0% (2008: 4.0%) comprising a real growth rate of 2.0% and inflationary rate of 2.0%. An increase/(decrease) in the nominal growth rate of 1.0%/(1.0%) to 5.0%/3.0% would result in an increase/(decrease) in the value in use of £41,000,000/£(37,000,000) and would have no impact on the impairment provision.

**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 1.12. An increase/(decrease) in the euro/sterling exchange rate by one euro cent would result in a (decrease)/increase in the value in use of £(7,000,000)/£6,000,000 arising upon the translation of sterling cash flows and would have no impact on the impairment provision. 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 stated in the balance sheet.

### 7. Debtors

Amounts owed by group undertakings are unsecured, carry an interest rate of 6.25% (2008: 6.70%) and are payable on demand.

### 8. Called-up share capital

	2009 £000	2008 £000
Authorised, allotted, fully paid and issued share capital		
11,342,411,642 Ordinary shares of 10p each	1,134,241	1,134,241

# CILVA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2009

### 9. Reserves

	At 1 January 2009 <u>£000</u>	Profit transferred to reserves <u>£000</u>	At 31 December 2009 <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>17,919</u>	<u>21,941</u>	<u>39,860</u>
Total profit and loss account deficit	(229,595)	21,941	(207,654)
Share premium account	<u>548,313</u>	-	<u>548,313</u>
Total reserves	<u>318,718</u>	<u>21,941</u>	<u>340,659</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 2009 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 Sections 841-842 of the Companies Act 2006, 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 £39,860,000 (2008: £17,919,000).

### 10. Reconciliation of movement in equity shareholder's funds

	2009 <u>£000</u>	2008 <u>£000</u>
Profit for the financial year	21,941	9,952
Opening equity shareholder's funds	<u>1,452,959</u>	<u>1,443,007</u>
Closing equity shareholder's funds	<u>1,474,900</u>	<u>1,452,959</u>

# **CILVA HOLDINGS LIMITED**

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

for the year ended 31 December 2009

### **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 2009, the liabilities of the relevant other group undertakings amounted, in aggregate, to £1,769,000 (2008 £1,303,000)

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.