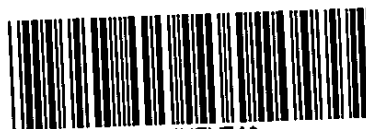


**AVIS EUROPE INVESTMENTS LIMITED**  
REGISTERED NUMBER 3250132

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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# **AVIS EUROPE INVESTMENTS LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 December 2010

### **Principal Activities**

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

### **Review of the Business and Future Developments**

During the year the Company recognised a partial reversal of an impairment in its investment in its wholly owned subsidiary Cilva Holdings Limited totalling £106,219,000. Excluding the impact of this reversal, the Company has continued to perform 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 in the year of £34,374,000 (2009: loss of £58,055,000). No interim dividend was paid during the year (2009: nil). The Directors do not recommend the payment of a final dividend (2009: 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 2010 (2009: 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

# **AVIS EUROPE INVESTMENTS LIMITED**

## **DIRECTORS' REPORT (continued)**

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing their 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

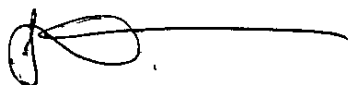
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that ought to have been taken as Director in order to make themselves aware of any relevant audit information and to establish that the Company's 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  
13 June 2011

## **AVIS EUROPE INVESTMENTS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVIS EUROPE INVESTMENTS LIMITED**

We have audited the Financial Statements of Avis Europe Investments Limited for the year ended 31 December 2010 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 Statement of Directors' Responsibilities 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 and express an opinion on 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 2010 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

13 June 2011

## AVIS EUROPE INVESTMENTS LIMITED

### PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Other operating income		106,219	-
Income from shares in group undertakings	7	23,136	23,136
<b>Operating profit</b>	4	129,355	23,136
Interest receivable	5	121	2,346
Interest payable	5	(95,102)	(83,537)
<b>Profit / (loss) on ordinary activities before taxation</b>		34,374	(58,055)
Tax on profit / (loss) on ordinary activities	6	-	-
<b>Profit / (loss) for the financial year</b>	11	34,374	(58,055)

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 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 total recognised gains and losses has not been presented.

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

# AVIS EUROPE INVESTMENTS LIMITED

## BALANCE SHEET

as at 31 December 2010

	Notes	2010 £000	2009 £000
<b>Fixed assets</b>			
Investments	7	1,493,408	1,387,189
<b>Current assets</b>			
Debtors amounts owed by group undertakings	8	23,136	74,842
<b>Creditors: amounts falling due within one year</b>			
Amounts due to group undertakings	9	(1,416,917)	(1,396,778)
<b>Net current liabilities</b>		(1,393,781)	(1,321,936)
<b>Total assets less current liabilities being Net assets</b>		<u>99,627</u>	<u>65,253</u>
<b>Capital and reserves</b>			
Called-up share capital	10	2,800	2,800
Share premium account	11	645,200	645,200
Profit and loss account deficit	11	(548,373)	(582,747)
<b>Shareholder's funds - equity</b>	12	<u>99,627</u>	<u>65,253</u>

The Financial Statements on pages 4 to 10 were approved by the Board on 13 June 2011 and were signed on its behalf by



P L Ford  
Director  
Avis Europe Investments Limited  
Registered No 3250132

# **AVIS EUROPE INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2010

### **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 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 Investment Holdings Limited which is part of the group of companies owned by Avis Europe plc, a company incorporated in England and Wales, which itself prepares consolidated financial statements.

As at the date of signing the Financial Statements, the Company is an intermediate holding company. The majority of the remaining liabilities of the Company at this date constitute balances with other group undertakings. The Directors have received confirmation that Avis Europe Investment Holdings Limited will continue to provide adequate resources to enable the business to continue to meet its liabilities as they fall due for the foreseeable future. For this reason the Directors have adopted the going concern basis in preparing the 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 FRS 1 (Revised 1996), Cash flow statements, and not produce a cash flow statement.

#### **(c) Investments**

Investments are stated at cost less provision for any impairment where the recoverable amount is less than cost. The carrying values of investments are reviewed if events or changes in circumstances indicate the carrying value may not be recoverable, or that previously recognised impairments are no longer applicable. Any impairment of investments, or reversal of previously recognised impairment, are charged/(credited) to the profit and loss account in the year in which it arises.

#### **(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.

## AVIS EUROPE INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2010

#### 2. Directors' emoluments and employees

The Directors received no emoluments in respect of their services to the Company during the year (2009 nil)

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

#### 3. Auditors' remuneration

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

#### 4. Operating profit

	2010 £000	2009 £000
Operating profit is stated after crediting		
Reversal of provision against investment in subsidiary undertakings(see Note 7)	106,219	-

#### 5. Interest receivable / (payable)

	2010 £000	2009 £000
Interest receivable on loans to group undertakings	121	2,346
Interest payable on loans from group undertakings	(95,102)	(83,537)
	(94,981)	(81,191)

#### 6. Tax on profit / (loss) on ordinary activities

(i) Analysis of charge in year	2010 £000	2009 £000
Current tax	-	-
Tax on profit / (loss) on ordinary activities	-	-

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

The current tax charge for the year is lower (2009 higher) than the standard rate of UK corporation tax (28%) (2009 28%) and is explained as follows

	2010 £000	2009 £000
Profit/(loss) on ordinary activities before taxation	34,374	(58,055)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	9,625	(16,256)
Group relief surrendered for nil consideration	26,595	22,734
Non-taxable dividend	(6,478)	(6,478)
Reversal of non deductible provision	(29,742)	-
Current tax	-	-

The Finance (No 2) Act 2010 included legislation to reduce the main rate of corporation tax in the UK from 28% to 27%, with effect from 1 April 2011 As recently announced in the 2011 Budget, from 1 April 2011 the rate will now decrease to 26% with further reductions proposed to reduce the rate by 1% per annum to 23% by 1 April 2014 The changes have not been substantially enacted at the balance sheet date and therefore are not recognised in these Financial Statements



## AVIS EUROPE INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2010

#### 7. Investments

	Shares in group undertakings £000
<u>Cost</u>	
At 1 January 2010 and At 31 December 2010	<u>1,772,100</u>
<u>Provision for impairment</u>	
At 1 January 2010	384,911
Reversal of provision	<u>(106,219)</u>
At 31 December 2010	<u>278,692</u>
<u>Net book amount</u>	
At 31 December 2010	<u>1,493,408</u>
At 31 December 2009	<u>1,387,189</u>

The Company owns 100% of the ordinary share capital of Cilva Holdings Limited and 100% of the preference share capital of Avis Europe Holdings Limited (from which the Company earned dividend income of £23,136,000 in the year (2009 £23,136,000)) Cilva Holdings Limited and Avis Europe Holdings Limited are both intermediate holding companies of the Avis Europe plc group, incorporated in England and Wales

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 investments in subsidiary undertakings. No further provision has been recognised as a consequence of this review as at 31 December 2010 (2009 nil) based on a value in use calculation. A provision write back of £106,219,000 has been recognised in respect of Cilva Holdings Limited. This write back is based on net realisable value, this being the lower of both net realisable value and value in use calculations. Net realisable value has been determined by reference to the market valuation of Avis Europe plc as at 15 April 2011, with adjustment for the net assets (excluding investments) of Avis Europe plc, and the intermediate holding company Avis Europe Investment Holdings Limited. The market valuation of Avis Europe plc has been determined by reference to the market share price of 194 pence per share.

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 £56,000,000/£(56,000,000) and would have no impact on the impairment provision.

**Discount rate** – Future cash flows are discounted using a pre-tax discount rate of 7.9%. An increase/(decrease) in the discount rate of 50 basis points would result in a (decrease)/increase in the value in use of £(99,000,000)/£108,000,000 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% (2009 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 £65,000,000/£(58,000,000) and would have no impact on the impairment provision.

# AVIS EUROPE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

### 7. Investments (continued)

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:€1.18. 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 £(11,000,000)/£11,000,000 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 investments is not less than the amount at which they are stated in the balance sheet.

### 8. Debtors: amounts owed by group undertakings

Within amounts owed by group undertakings, £nil (2009: £51,706,000) is unsecured, carrying an interest rate of 6.8% (2009: 6.25%) and is payable on demand. The remaining balance of £23,136,000 (2009: £23,136,000) with another group undertaking is unsecured, interest free and payable on demand.

### 9. Creditors: amounts falling due within one year

Amounts due to group undertakings are unsecured, carry an interest rate of 6.8% (2009: 6.25%) and are payable on demand.

### 10. Called-up share capital

	2009 and 2010 £000
Authorised share capital	
5,000,000 Ordinary Shares of £1 each	5,000
Alotted, issued and fully paid share capital	
2,800,002 Ordinary Shares of £1 each	2,800

### 11. Reserves

	At 1 January 2010 £000	Retained profit for the financial year £000	At 31 December 2010 £000
Provision against investment in subsidiary undertaking	(37,039)	-	(37,039)
Other non-distributable reserves	77,436	-	77,436
Total non-distributable reserves	40,397	-	40,397
Distributable reserves	(623,144)	34,374	(588,770)
Total profit and loss account deficit	(582,747)	34,374	(548,373)
Share premium account	645,200	-	645,200
Total reserves	62,453	34,374	96,827

## AVIS EUROPE INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2010

#### 11. Reserves (continued)

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 amount stated in the Company's Financial Statements.

As at 31 December 2004, in accordance with the requirements of FRS 11, 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 2004. The Directors have considered the value of the remaining fixed assets as at 31 December 2010 and have recognised a provision write back in respect of Cilva Holdings Limited (see Note 7). 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 Cilva Holdings Limited prior to 1 January 2004 does not fall to be classified as a realised loss, whereas the impairment provision recognised in the year ended 31 December 2004 is classified as realised. Therefore the carried forward deficit on distributable reserves of the Company is £588,770,000 (2009, deficit of £623,144,000).

#### 12. Reconciliation of movements in shareholder's funds

	2010 £000	2009 £000
Profit / (loss) for the financial year	34,374	(58,055)
At 1 January	65,253	123,308
At 31 December	99,627	65,253

#### 13. Commitments and contingencies

At 31 December 2010 and 31 December 2009 the Company had no financial commitments and no contingent liabilities.

#### 14. Ultimate parent undertaking

The Company is a subsidiary undertaking of Avis Europe Investment Holdings Limited, which is part of the group 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.

#### 15. 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.