

**AVIS EUROPE INVESTMENTS LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2001**

**REGISTERED NUMBER: 3250132**



# **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 2001.

### **Principal Activities**

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

### **Review of the Business**

The Company has continued to perform satisfactorily throughout the year. The directors expect the Company to continue to transact business as an intermediate holding company in the coming year.

### **Results and Dividends**

The Company made a profit after tax in the year of £95,560,000 (year ended 31 December 2000: £55,985,000). An interim dividend of £40,000,000 was paid during the year (year ended 31 December 2000: £68,615,000). The directors do not recommend the payment of a final dividend (year ended 31 December 2000: nil). The profit retained by the Company has been transferred to reserves.

### **Payments to Creditors**

It is the Company's practice to agree terms of payment at the start of business with each supplier, 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 2001 (year ended 31 December 2000: nil).

### **Directors and their Interests**

The directors of the Company during the year are set out below:

C I Cowan (resigned 11 April 2002)

M McCafferty

RJ Coates (appointed 11 April 2002)

None of the directors had any beneficial interests in the shares of the Company or in any material contracts with the Company.

C I Cowan and M McCafferty were also directors of Avis Europe plc during the year. Their interests in the share capital of Avis Europe plc are disclosed in the statutory accounts of that company.

# **AVIS EUROPE INVESTMENTS LIMITED**

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

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

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial period.

The directors consider that in preparing the financial statements on pages 4 to 10 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

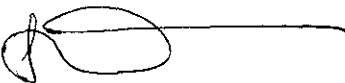
The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

### **Auditors**

PricewaterhouseCoopers continue in office as Auditor 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  
Company Secretary  
16 September 2002

## **AVIS EUROPE INVESTMENTS LIMITED**

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

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

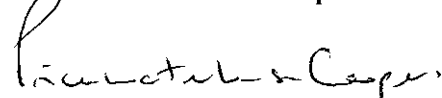
#### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards 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 judgements 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 of the state of the company's affairs at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London  
16 September 2002

# AVIS EUROPE INVESTMENTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

		Year ended 31 December 2001 <u>£000</u>	Year ended 31 December 2000 <u>£000</u>
	<u>Notes</u>		
Income from shares in group undertakings		46,046	71,148
Other operating income	4	63,899	-
<b>Operating profit</b>	4	<u>109,945</u>	<u>71,148</u>
Interest payable on loans from group undertakings		(20,550)	(21,661)
<b>Profit on ordinary activities before taxation</b>		<u>89,395</u>	<u>49,487</u>
Tax on profit on ordinary activities	5	6,165	6,498
<b>Profit for the financial year</b>		<u>95,560</u>	<u>55,985</u>
Dividends paid	6	(40,000)	(68,615)
<b>Profit transferred to / (loss deducted from) reserves</b>	10	<u>55,560</u>	<u>(12,630)</u>

The Profit and loss account for the Company is entirely in respect of continuing operations.

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 notes on pages 6 to 10 form an integral part of these financial statements.

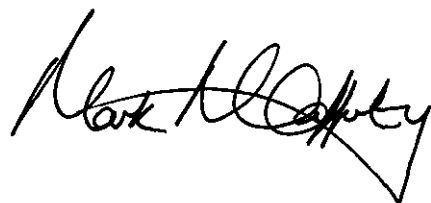
# AVIS EUROPE INVESTMENTS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2001

		31 December 2001 £000	31 December 2000 £000
	<u>Notes</u>		
<b>Fixed assets</b>			
Investments	7	1,065,770	1,001,871
<b>Current assets</b>			
Debtors	8	66,431	85,079
		<u>66,431</u>	<u>85,079</u>
<b>Creditors: Amounts falling due within one year</b>			
Amounts owed to group undertakings		(368,968)	(379,277)
		<u>          </u>	<u>          </u>
<b>Net current liabilities</b>		(302,537)	(294,198)
<b>Total assets less current liabilities</b>		<u>763,233</u>	<u>707,673</u>
<b>Capital and reserves</b>			
Called-up share capital	9	2,800	2,800
Share premium account	10	645,200	645,200
Profit and loss account	10	115,233	59,673
<b>Shareholder's funds - equity</b>	11	<u>763,233</u>	<u>707,673</u>

The notes on pages 6 to 10 form an integral part of these financial statements.

Approved by the Board on 16 September 2002



M McCafferty

Director

# AVIS EUROPE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of Accounting Policies

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

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The Company has not presented group accounts as it is a wholly owned subsidiary undertaking of Avis Europe plc which prepares consolidated accounts.

(b) Cash Flow Statement

The Company, which is a wholly owned subsidiary, has elected to utilise the exemption provided in Financial Reporting Standard 1 and not produce a cash flow statement.

(c) Investments

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

(d) Foreign Currency

Foreign currency assets and liabilities 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

Deferred taxation in respect of timing differences between profits as computed for tax purposes and profits as stated in the financial statements is provided, on the liability method, only to the extent that there is a reasonable probability that such deferred tax will be payable in the foreseeable future.

(f) Dividends

Dividends are shown in the profit and loss account in the year in which they are declared.

# AVIS EUROPE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Directors' emoluments and employees

The directors received no emoluments in respect of their services to the Company during the year (year ended 31 December 2000: nil).

The average number of directors during the year was 2 (year ended 31 December 2000: 2). There were no other employees during the year (year ended 31 December 2000: nil).

### 3. Auditors' remuneration

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

### 4. Operating profit

	Year ended 31 December 2001 <u>£000</u>	Year ended 31 December 2000 <u>£000</u>
Operating profit is stated after crediting:		
Profit on restructuring of group undertaking (see note 7)	<u>63,899</u>	<u>-</u>

### 5. Tax on profit on ordinary activities

	Year ended 31 December 2001 <u>£000</u>	Year ended 31 December 2000 <u>£000</u>
Corporation tax at 30% (2000: 30%)	<u>6,165</u>	<u>6,498</u>

### 6. Dividends

	31 December 2001 <u>£000</u>	31 December 2000 <u>£000</u>
Dividend per ordinary share		
Interim dividend paid of £14.29 (2000:£24.51) per £1 share	<u>40,000</u>	<u>68,615</u>



# AVIS EUROPE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7. Investments

	Shares in group undertakings £000
At 1 January 2001	1,001,871
Additions	563,783
Disposals	(499,884)
At 31 December 2001	<u>1,065,770</u>

On 31 July 2001, the Company subscribed for an additional 3,764,995,980 ordinary shares with a nominal value of 10p each in Cilva Holdings Limited, a fellow subsidiary undertaking, in exchange for its investment in the "A" and "B" Fixed Rate Cumulative Redeemable Preference Shares which were converted into ordinary shares on this date.

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. Cilva Holdings Limited and Avis Europe Holdings Limited are both intermediate holding companies of the Avis Europe plc Group. Avis Europe Holdings Limited is principally engaged in the provision of financing to the subsidiary undertakings of Avis Europe plc.

In the opinion of the directors, the value of the Company's investments is not less than the amount at which it is stated in the balance sheet.

### 8. Debtors

	31 December 2001 £000	31 December 2000 £000
Amounts owed by group undertakings	60,266	78,581
Corporation tax	6,165	6,498
	<u>66,431</u>	<u>85,079</u>

### 9. Called-up share capital

	31 December 2001 and 2000 £000
Authorised share capital:	
5,000,000 Ordinary Shares of £1 each	<u>5,000</u>
Allotted and issued and fully paid share capital:	
2,800,002 Ordinary Shares of £1 each	<u>2,800</u>

**AVIS EUROPE INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****10. Statement of movements on reserves**

	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
At 1 January 2001	645,200	59,673	704,873
Profit transferred to reserves	-	55,560	55,560
At 31 December 2001	<u>645,200</u>	<u>115,233</u>	<u>760,433</u>

**11. Reconciliation of movement in shareholders' funds**

	<b>Year ended 31 December 2001 £000</b>	<b>Year ended 31 December 2000 £000</b>
Profit for the financial year	95,560	55,985
Dividends paid	(40,000)	(68,615)
Net increase / (decrease) in shareholder's funds	<u>55,560</u>	<u>(12,630)</u>
Opening equity shareholder's funds	<u>707,673</u>	<u>720,303</u>
Closing equity shareholder's funds	<u>763,233</u>	<u>707,673</u>

**12. Commitments and contingencies**

The Company has entered into a netting arrangement with its bankers, under which the Company's funds may be used to offset the liabilities of the other group undertakings.

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

## **AVIS EUROPE INVESTMENTS LIMITED**

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

#### **13. 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. The ultimate controlling party of s.a. D'Ieteren n.v. is the D'Ieteren family.

#### **14. 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.