

AVIS LICENCE HOLDINGS LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

REGISTERED NUMBER: 3342839



AVIS LICENCE HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report and the Financial Statements of the Company for the year ended 31 December 2003.

Principal Activities

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

Review of the Business

The Company did not enter into any transactions during the year. The Directors expect that the Company will continue to operate as an intermediate holding company in the coming year.

Results and Dividends

The Company did not enter into any transactions during the year and accordingly has not presented a profit and loss account. No interim dividend was paid in the financial year (2002: nil) The Directors do not recommend the payment of a final dividend (2002: nil).

Directors and Their Interests

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

M McCafferty (resigned 1 November 2003)

R J Coates (appointed 1 November 2003)

M R Smith

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

M McCafferty and M R Smith were also Directors of Avis Europe plc. Their interests in the share capital of Avis Europe plc are disclosed in the statutory accounts of that Company.

At 1 January and 31 December 2003 R J Coates had 155,000 options outstanding in Avis Europe plc. The terms and conditions relating to the Avis Europe plc Share Option Schemes are summarised in the Financial Statements of that Company.

There was no change in the Directors' interests between the year end and the date upon which these accounts were signed.

AVIS LICENCE HOLDINGS 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 year.

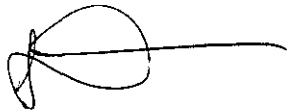
The Directors consider that in preparing the Financial Statements on pages 4 to 7 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been 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.

By Order of the Board

A handwritten signature in black ink, consisting of a stylized 'J' and 'N' followed by a horizontal line.

J A Nicholson
Company Secretary
3 August 2004

AVIS LICENCE HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

	<u>Notes</u>	31 December 2003 £	31 December 2002 £
Fixed assets			
Investments	3	4	4
Current assets			
Debtors – share capital not paid		1	1
Creditors: amounts falling due within one year			
Amounts due from fellow subsidiary undertakings		(4)	(4)
Net current liabilities		<u>(3)</u>	<u>(3)</u>
Total assets less current liabilities		<u>1</u>	<u>1</u>
Capital and reserves			
Called-up share capital	3	1	1
Shareholders' funds - equity	4	<u>1</u>	<u>1</u>

The notes on pages 4 and 5 form an integral part of these Financial Statements.

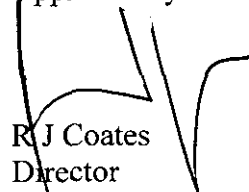
For the year ended 31 December 2003 the Company was entitled to exemption from audit under section 249AA(1) of the Companies Act 1985.

Members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The Directors acknowledge their responsibility for:

- (i) ensuring the Company keeps accounting records that comply with section 221 of the Companies Act 1985; and
- (ii) preparing accounts that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year, in accordance with the requirements of section 226 of the Companies Act 1985, and which otherwise comply with the requirements of the Companies Act relating to the accounts, so far as applicable to the Company.

Approved by the Board on 3 August 2004


R J Coates
Director

AVIS LICENCE HOLDINGS 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) Profit and loss account

The Company has not presented a profit and loss account since it did not enter into any transactions either in the current or prior year.

2. Investments

Details of the Company's investments are given below.

Principal subsidiary undertakings	Country of incorporation	Activity	% of the ordinary share capital owned
Avis Africa Limited	UK	Licence holding	100
Avis Asia Limited	UK	Licence holding	100
Avis Europe and Middle East Limited	UK	Licence holding	100
Avis IP Security Limited	UK	Dormant	100

AVIS LICENCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Called-up share capital

	31 December 2003 £	31 December 2002 £
Authorised share capital:		
10,000 Ordinary shares of 1p each	<u>100</u>	<u>100</u>
Allotted and issued share capital:		
100 Ordinary shares of 1p each	<u>1</u>	<u>1</u>

4. Reconciliation of movements in shareholders' funds

In both the current and preceding year, the result of the Company was £nil. As there were no other recognised gains or losses, shareholders' funds have not moved in the year.

5. Ultimate parent undertaking

The Company is a subsidiary undertaking of Avis Europe Holdings Limited, which is part of 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. The ultimate controlling party of s.a. D'Ieteren n.v. is the D'Ieteren family.