

**ZODIAC EUROPE FINANCE COMPANY LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**REGISTERED NUMBER: 4664457**



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# **ZODIAC EUROPE FINANCE COMPANY LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 December 2005.

### **Principal Activities**

The Company commenced trading on 1 March 2004. The principal activity of the Company is to administer the issuance of prepaid vouchers for vehicle rental on behalf of fellow subsidiary companies operating under the Budget Rent A Car brand.

### **Review of the Business**

The Company has continued to perform as expected during the year. The Directors expect that the Company will continue to operate as the issuer of prepaid vouchers for vehicle rental under the Budget Rent A Car brand throughout the Europe, Middle East and Africa region in the coming year.

### **Results and Dividends**

The Company made a profit after taxation in the year of £20,000 (2004: loss of £4,000), which has been transferred to reserves. The Directors do not recommend the payment of a dividend (2004: nil).

### **Directors and their Interests**

The Directors of the Company since 1 January 2005 are set out below:

J W McNicholas	(resigned 1 March 2005)
M S Graham	
H Smith	(appointed 1 March 2005)

None of the Directors had any beneficial interests in the shares of the Company or in any material contracts with the Company. The Directors received no remuneration in respect of their services to the Company during the year.

The shares and share options owned in Avis Europe plc are set out below:

	<b>Shares</b>		<b>Share Options</b>	
	<b>1 January or date of appointment</b>	<b>31 December or date of resignation</b>	<b>1 January or date of appointment</b>	<b>31 December or date of resignation</b>
J W McNicholas	6,066	6,066	139,190	139,190
M S Graham	-	-	61,500	73,368
H Smith	52,047	56,718	60,000	45,334

**ZODIAC EUROPE FINANCE COMPANY LIMITED**  
**DIRECTORS' REPORT (continued)**

**Directors and their interests (continued)**

The terms and conditions relating to the Avis Europe plc Share Option Schemes are summarised in the financial statements of that company.

**Charitable Donations**

The Company made no charitable donations during the year.

**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.

**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 9 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.

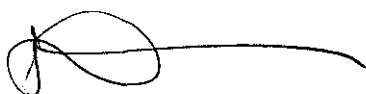
The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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 LLP continue to act 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  
20<sup>th</sup> Oct 2006

# **ZODIAC EUROPE FINANCE COMPANY LIMITED**

## **Independent Auditor's Report to the Members of Zodiac Europe Finance Company Limited**

We have audited the financial statements of Zodiac Europe Finance Company Limited for the year ended 31 December 2005 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

20 October 2006

**ZODIAC EUROPE FINANCE COMPANY LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2005**

	<u>Notes</u>	<b>Year Ended 31 December 2005 £000</b>	<b>Period Ended 31 December 2004 £000</b>
Turnover	2	55	34
Cost of sales		<u>(68)</u>	<u>(41)</u>
<b>Gross profit</b>		<b>(13)</b>	<b>(7)</b>
Administrative expenses	3	<u>-</u>	<u>-</u>
<b>Operating profit/(loss)</b>		<b>(13)</b>	<b>(7)</b>
Interest receivable and other income	4	<u>33</u>	<u>3</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>20</b>	<b>(4)</b>
Taxation on profit/(loss) on ordinary activities	6	<u>-</u>	<u>-</u>
<b>Profit transferred to/(loss deducted from) reserves</b>	10	<u><b>20</b></u>	<u><b>(4)</b></u>

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

There is no difference between the loss on ordinary activities before taxation and the retained loss deducted from reserves for the year stated above and their historical cost equivalents.

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 notes on pages 6 to 9 form an integral part of these Financial Statements.

# ZODIAC EUROPE FINANCE COMPANY LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2005

	<u>Notes</u>	<b>31 December 2005 £000</b>	<b>31 December 2004 £000</b>
<b>Current Assets</b>			
Debtors	7	869	309
Cash at bank and in hand		29	58
		<u>898</u>	<u>367</u>
<b>Creditors: Amounts Falling Due Within One Year</b>	8	<u>(882)</u>	<u>(371)</u>
<b>Net Current Assets/(Liabilities)</b>		<u>16</u>	<u>(4)</u>
<b>Net Assets/(Liabilities)</b>		<u>16</u>	<u>(4)</u>
<b>Capital and Reserves</b>			
Called-up Share Capital	9	-	-
Profit and Loss Account	10	<u>16</u>	<u>(4)</u>
<b>Shareholder's Funds - Equity</b>	11	<u>16</u>	<u>(4)</u>

The notes on pages 6 to 9 form an integral part of these Financial Statements.

Approved by the Board on 20<sup>th</sup> Oct 2006

Signed on behalf of the Board by

*Michael S Graham*

M S Graham  
Director

# **ZODIAC EUROPE FINANCE COMPANY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005**

### **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 Accounting Standards.

#### **(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) and not produce a cash flow statement.

#### **(c) Taxation**

The charge for taxation is based on the profit for the year and takes into account deferred taxation. 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 FRS 19 – Deferred Tax.

#### **(d) Turnover**

Turnover comprises fees charged to Budget Rent A Car locations for administering the Budget prepaid voucher scheme. Revenue is recognised when the voucher is presented for payment by the renting location for payment.

### **2. Turnover**

The single activity of the Company is the issuance of prepaid vouchers for vehicle rental on behalf of fellow subsidiary companies operating under the Budget Rent A Car brand. All turnover relates to commission earned on this activity and arose in the United Kingdom.

### **3. Auditors' remuneration**

The Auditors' remuneration is borne by Zodiac Europe Limited, its parent undertaking.

### **4. Interest receivable and other income**

	<b>Year Ended 31 December 2005 <u>£000</u></b>	<b>Period Ended 31 December 2004 <u>£000</u></b>
Interest receivable: On loans to group undertakings	<u>33</u>	<u>3</u>

# ZODIAC EUROPE FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

### 5. Directors' Emoluments and Employees

#### Directors' Emoluments

The Directors received no remuneration in respect of their services to the Company during the year (2004: nil).

	Year Ended 31 December 2005 <u>No</u>	Period Ended 31 December 2004 <u>No</u>
<b>Employees</b>		
Average number employed (including Directors)	<u>2</u>	<u>2</u>

### 6. Taxation

	Year Ended 31 December 2005 <u>£000</u>	Period Ended 31 December 2004 <u>£000</u>
<b>(i) Analysis of charge in year</b>		
Current tax:		
UK corporation tax on profit/(loss) for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	<u>-</u>	<u>-</u>
<b>Tax on loss on ordinary activities</b>	<u>-</u>	<u>-</u>
<b>(ii) Factors affecting the current tax charge for the year</b>		
Profit/(loss) on ordinary activities before taxation	20	(4)
Tax at 30%	6	(1)
Group relief (received)/surrendered for nil consideration	<u>(6)</u>	<u>1</u>
<b>Current tax charge</b>	<u>-</u>	<u>-</u>

#### (iii) Deferred tax

There was no provided or unprovided deferred taxation at 31 December 2005 (2004: nil).

# ZODIAC EUROPE FINANCE COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

### 7. Debtors

	31 December 2005 <u>£000</u>	31 December 2004 <u>£000</u>
Trade debtors	1	26
Amounts owed by group undertakings	853	283
Other debtors	15	-
	<u>869</u>	<u>309</u>

### 8. Creditors: Amounts Falling Due Within One Year

	31 December 2005 <u>£000</u>	31 December 2004 <u>£000</u>
Trade creditors	882	320
Amounts owed to group undertakings	-	51
	<u>882</u>	<u>371</u>

### 9. Called-up Share Capital

	31 December 2005 <u>£</u>	31 December 2004 <u>£</u>
Authorised Share Capital: 100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted, Issued and Fully Paid Share Capital: 1 Ordinary Share of £1 each	<u>1</u>	<u>1</u>

### 10. Profit and Loss Account

	2005 <u>£000</u>	2004 <u>£000</u>
At 1 January	(4)	-
Retained profit/(loss) for the year	<u>20</u>	<u>(4)</u>
At 31 December	<u>16</u>	<u>(4)</u>

## **ZODIAC EUROPE FINANCE COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

#### **11. Reconciliation of Movements in Shareholder's Funds**

	<b>Year Ended 31 December 2005 £000</b>	<b>Period Ended 31 December 2004 £000</b>
Retained profit/(loss) for the year	<u>20</u>	<u>(4)</u>
Net increase/(decrease) in shareholder's funds	20	(4)
Opening shareholder's funds	<u>(4)</u>	<u>-</u>
Closing shareholder's funds	<u>16</u>	<u>(4)</u>

#### **12. Ultimate Parent Undertaking**

The Company is a subsidiary undertaking of Zodiac Europe Limited which is part of the Group owned by Avis Europe plc. Both of 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. The Financial Statements of Avis Europe plc and s.a. D'Ieteren n.v. can be obtained from Avis House, Park Road, Bracknell, Berkshire, RG12 2EW. The ultimate controlling party of s.a. D'Ieteren n.v, which is incorporated in Belgium, 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.