

ZODIAC EUROPE FINANCE COMPANY LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

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 2006

Principal Activities

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. Avis Europe plc has provided assurances of continuing financial support to the company sufficient to enable it to finance its operations and pay its creditors for at least 12 months from the date of signature of these financial statements, and the foreseeable future.

Results and Dividends

The Company made a profit after taxation in the year of £25,000 (2005 profit of £20,000), which has been transferred to reserves. The Directors do not recommend the payment of a dividend (2005 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.

Charitable Donations

The Company made no charitable donations during the year.

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 and their Interests

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

M S Graham
H Smith

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 (2005 nil).

ZODIAC EUROPE FINANCE COMPANY LIMITED
DIRECTORS' REPORT (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing 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). The Financial Statements are required by law to 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 those Financial Statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements

The Directors are responsible for keeping proper accounting records that 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 1985. 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

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

Auditors

PricewaterhouseCoopers LLP continue to act as Auditors. 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

17 October 2007

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 2006, 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Reading

18 Oct 2007

ZODIAC EUROPE FINANCE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>Notes</u>	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
Turnover	2	114	55
Cost of sales		<u>(144)</u>	<u>(68)</u>
Gross loss		(30)	(13)
Administrative expenses		<u>-</u>	<u>-</u>
Operating loss		(30)	(13)
Interest receivable and other income	4	<u>55</u>	<u>33</u>
Profit on ordinary activities before taxation		25	20
Taxation on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Profit for the year	10	<u>25</u>	<u>20</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 profit 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 accompanying 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 2006

	<u>Notes</u>	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
Current Assets			
Debtors	7	1,200	869
Cash at bank and in hand		<u>188</u>	<u>29</u>
		1,388	898
Creditors: Amounts Falling Due Within One Year	8	<u>(1,347)</u>	<u>(882)</u>
Net Current Assets		<u>41</u>	<u>16</u>
Net Assets		<u>41</u>	<u>16</u>
Capital and Reserves			
Called-up Share Capital	9	-	-
Profit and Loss Account	10	<u>41</u>	<u>16</u>
Shareholder's Funds - Equity	11	<u>41</u>	<u>16</u>

The accompanying Notes on pages 6 to 9 form an integral part of these Financial Statements

Approved by the Board on 17th Oct 2007

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 2006

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 UK Accounting Standards and the Companies Act 1985. Avis Europe plc has provided assurances of continuing financial support to the company sufficient to enable it to finance its operations and pay its creditors for at least 12 months from the date of signature of these financial statements, and the foreseeable future

(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

(e) 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. Gains and losses on exchange are dealt with in the Profit and Loss Account.

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

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

	2006 <u>£000</u>	2005 <u>£000</u>
Interest receivable:		
On loans to group undertakings	<u>55</u>	<u>33</u>

5. Directors' Emoluments and Employees

Directors' Emoluments

The Directors received no remuneration in respect of their services to the Company during the year (2005 nil)

	2006 <u>Number</u>	2005 <u>Number</u>
Employees		
Average number employed (Directors only)	<u>2</u>	<u>2</u>

6. Taxation

(i) Analysis of charge in year

There was no tax charge in the year (2005 nil)

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

6. Taxation (continued)

(ii) Factors affecting the current tax charge for the year	2006 £000	2005 £000
Profit on ordinary activities before taxation	25	20
Tax at 30%	8	6
Group relief received for nil consideration	<u>(8)</u>	<u>(6)</u>
Current tax charge	<u>-</u>	<u>-</u>

(iii) Deferred tax

There was no provided or unprovided deferred taxation at 31 December 2006 (2005: nil).

7. Debtors

	2006 £000	2005 £000
Trade debtors	28	1
Amounts owed from group undertakings	1,136	853
Other debtors	<u>36</u>	<u>15</u>
	<u>1,200</u>	<u>869</u>

Amounts owed from group undertakings are unsecured, interest free and repayable on demand.

8. Creditors: Amounts Falling Due Within One Year

	2006 £000	2005 £000
Trade creditors	1,320	882
Accruals and deferred income	<u>27</u>	<u>-</u>
	<u>1,347</u>	<u>882</u>

9. Called-up Share Capital

	2006 £	2005 £
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>

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

10. Profit and Loss Account

	2006 <u>£000</u>	2005 <u>£000</u>
At 1 January	16	(4)
Retained profit for the year	<u>25</u>	<u>20</u>
At 31 December	<u>41</u>	<u>16</u>

11. Reconciliation of Movements in Shareholders' Funds

	2006 <u>£000</u>	2005 <u>£000</u>
Retained profit for the year	<u>25</u>	<u>20</u>
Net increase in shareholders' funds	25	20
Opening shareholders' funds/(deficit)	<u>16</u>	<u>(4)</u>
Closing shareholders' funds	<u>41</u>	<u>16</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 2BW. 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.