



ZODIAC EUROPE FINANCE COMPANY LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

REGISTERED NUMBER: 4664457

ZODIAC EUROPE FINANCE COMPANY LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited Financial Statements of the Company for the financial year ended 31 December 2012

Principal activities

The principal activity of the Company is to administer the issuance of prepaid vouchers for vehicle rental on behalf of companies operating under the Budget Rent A Car brand. The Company is an intermediate company in the Avis Budget Group, Inc group of companies

Review of the business and future development

The Company has continued to perform as expected during the year with turnover at £369,000 (2011 £298,000). 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 for the financial year of £1,326,000 (2011 £568,000) No interim dividend was paid during the year (2011 nil) The Directors do not recommend the payment of a final dividend (2011: nil)

Going Concern

The Directors expect the Company to continue to transact business as a voucher issuing company in the coming year. Thus the Directors continue to adopt the going concern basis in preparing the Financial Statements. Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in Note 1 of the Financial Statements.

Financial risk management

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 Budget EMEA Limited 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 Budget EMEA Limited group of companies, which are as disclosed in the consolidated Financial Statements of the company's ultimate holding company Avis Budget Group, Inc.

Key Performance Indicators (KPIs)

Given the nature of the business the Directors of the Company are of the opinion that analysis by performance indicators is not necessary for an understanding of the development, performance or position of the business.

Directors

The Directors of the Company during the year and up to the date of signing the Financial Statements are set out below

P Mitchell (appointed 23 October 2012)

J Turner (appointed 15 April 2013)

J W McNicholas (resigned 31 October 2012)

S B D Fillingham (resigned 12 April 2013)

O van Marcke de Lummen (resigned 9 February 2012)

J Spiers (appointed 17 September 2013)

ZODIAC EUROPE FINANCE COMPANY LIMITED

DIRECTORS' REPORT (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing their report and 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 judgments 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.

Disclosure of Information to Auditor

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 auditor is 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 auditor is 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

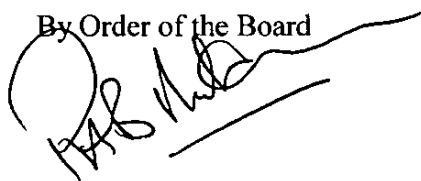
Charitable and political donations

The Company made no charitable or political donations during the year (2011: nil)

Auditor

Deloitte LLP will continue in office as permitted by Section 487 of the Companies Act 2006.

By Order of the Board



P Mitchell
Director

27 September 2013

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 2012 which comprise the profit and loss account, the balance sheet and the related Notes on pages 7 to 11. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, 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.

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. In addition, we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZODIAC EUROPE
FINANCE COMPANY LIMITED (continued)**

- 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.

Anne Marks

A Marks (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading
2 October 2013

ZODIAC EUROPE FINANCE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	<u>Notes</u>	<u>2012</u> <u>£000</u>	<u>2011</u> <u>£000</u>
Turnover	2	369	298
Cost of sales		<u>(346)</u>	<u>(299)</u>
Gross profit/(loss)		23	(1)
Other operating income	3	<u>1,125</u>	<u>250</u>
Operating profit		1,148	249
Interest receivable on loans to group undertakings		<u>178</u>	<u>319</u>
Profit on ordinary activities before taxation		1,326	568
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Profit for the financial year	10	<u>1,326</u>	<u>568</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 retained profit for the financial year stated above and their historical cost equivalents

All recognised gains and losses are included in the profit and loss account and therefore a separate statement of total recognised gains and losses has not been presented.

The accompanying notes on pages 7 to 11 are an integral part of these Financial Statements

ZODIAC EUROPE FINANCE COMPANY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	<u>Notes</u>	<u>2012</u> <u>£000</u>	<u>2011</u> <u>£000</u>
Current assets			
Debtors	7	5,707	4,918
Cash at bank and in hand		<u>137</u>	<u>66</u>
		5,844	4,984
Creditors: Amounts falling due within one year	8	<u>(2,357)</u>	<u>(2,823)</u>
Net current assets		<u>3,487</u>	<u>2,161</u>
Total assets less current liabilities being Net assets		<u>3,487</u>	<u>2,161</u>
Capital and reserves			
Called-up share capital	9	-	-
Profit and loss account	10	<u>3,487</u>	<u>2,161</u>
Shareholder's funds - equity	11	<u>3,487</u>	<u>2,161</u>

The Financial Statements on pages 5 to 11 were approved by the Board on 27 September 2013 and were signed on its behalf by:



P Mitchell
Director
Zodiac Europe Finance Company Limited
Registered Number 4664457

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. 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 on the going concern basis, under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the Companies Act 2006.

(b) Cash flow statement

The Company is included in the consolidated Financial Statements of Avis Budget Group, Inc , which are publicly available, and therefore has elected to utilise the exemption provided in FRS 1, Cash Flow Statements (Revised 1996), and not produce a cash flow statement.

(c) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. 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. 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.

(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.

(e) Foreign currency

Assets and liabilities denominated in foreign currencies are translated into sterling 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.

(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.

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

2. Turnover

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

3. Operating profit

	2012 <u>£000</u>	2011 <u>£000</u>
The operating profit is stated after crediting:		
Release of unredeemed vouchers	<u>1,125</u>	<u>250</u>

4 Auditor's remuneration

The auditor's remuneration is borne by Zodiac Europe Limited, the immediate parent undertaking. The fee payable to the Company's auditors for the audit of the Company's Financial Statements for the year ended 31 December 2012 was £1,000 (2011:£1,000)

5. Directors' emoluments and employees

The Directors received no remuneration in respect of their services to the Company during the year (2011 nil)

The average monthly number of Directors during the year was 2 (2011:2). There were no other employees during the year (2011 nil)

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

6. Tax on profit on ordinary activities

(i) Analysis of charge in the year

There was no tax charge in the year (2011 nil)

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

The current tax charge for the year is lower (2011 lower) than the standard rate of UK corporation tax (24.5%) (2011 (26.5%)) and is explained as follows

	2012 <u>£000</u>	2011 <u>£000</u>
Profit on ordinary activities before taxation	<u>1,326</u>	<u>568</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	325	151
Group relief received for nil consideration	<u>(325)</u>	<u>(151)</u>
Current tax charge	<u>-</u>	<u>-</u>

The Finance Act 2012 included legislation to reduce the main rate of corporation tax in the UK from 26% to 24%, with effect from 1 April 2012 and from 24% to 23%, with effect from 1 April 2013.

There is no provided or unprovided deferred taxation at 31 December 2012 (2011: £nil)

7. Debtors

	2012 <u>£000</u>	2011 <u>£000</u>
Trade debtors	135	91
Amounts owed by group undertakings	5,572	4,827
	<u>5,707</u>	<u>4,918</u>

Within amounts owed by group undertakings, £5,330,000 (2011: £4,827,000) is unsecured, is payable on demand by Avis Finance Company Limited and carries an interest rate of 6.65% (2011 6.25%). The remaining balance of £242,000 (2011 nil) with other group undertakings is unsecured, interest free and payable on demand

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

8. Creditors: Amounts falling due within one year

	2012 <u>£000</u>	2011 <u>£000</u>
Trade creditors	2,355	2,808
Amounts owed to group undertakings	-	11
Accruals and deferred income	2	4
	<u>2,357</u>	<u>2,823</u>

Amounts owed to group undertakings are unsecured, interest free and payable on demand

9. Called up share capital

	2012 <u>£</u>	2011 <u>£</u>
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, issued and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

10. Profit and loss account

	2012 <u>£000</u>	2011 <u>£000</u>
At 1 January	2,161	1,593
Profit for the financial year	<u>1,326</u>	<u>568</u>
At 31 December	<u>3,487</u>	<u>2,161</u>

11. Reconciliation of movements in shareholder's funds

	2012 <u>£000</u>	2011 <u>£000</u>
Profit for the financial year	1,326	568
At 1 January	<u>2,161</u>	<u>1,593</u>
At 31 December	<u>3,487</u>	<u>2,161</u>

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

12. Related party transactions

The Company has taken advantage of the exemption within paragraph 3(c) of FRS 8, Related party disclosures, for wholly owned subsidiary undertakings not to disclose transactions with other entities within the same group. The consolidated financial statements for Avis Budget Group, Inc , in which the Company is included, are publicly available at www.avisbudgetgroup.com

13. Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of Zodiac Europe Limited, which is part of the group of companies owned by Avis Budget EMEA Limited. Both these parent undertakings are registered in England and Wales.

The largest parent undertaking to consolidate the Financial Statements of the Company is Avis Budget Group, Inc. the Company's ultimate holding company and the smallest and largest parent undertaking to consolidate the Financial Statements of the Company Avis Budget Group, Inc is incorporated in the United States of America and registered on NASDAQ The financial statements of Avis Budget Group, Inc are publicly available at www.avisbudgetgroup.com