

ZODIAC EUROPE FINANCE COMPANY LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

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 2004.

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 was incorporated on 12 February 2003 as Zodiac Europe Management Services Limited. and changed its name to Zodiac Europe Finance Company Limited on 1 April 2003. 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 loss after taxation in the year of £4,466 (2003: nil), which has been deducted from reserves. The Directors do not recommend the payment of a dividend (2003: nil).

Directors and their Interests

The Directors of the Company since 1 January 2004 are set out below:

| | |
|----------------|-----------------------------|
| J W McNicholas | (resigned 1 March 2005) |
| R J Coates | (resigned 12 August 2004) |
| M S Graham | (appointed 1 November 2004) |
| 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 period. The remuneration for services as Directors of Avis Europe plc are included in the financial statements of that company.

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

| | Shares | | Share Options | |
|----------------|--|---------------------|--|---------------------|
| | 1 January or date of appointment | 31 December 2004 | 1 January or date of appointment | 31 December 2004 |
| J W McNicholas | 4,100 | 6,066 | 155,000 | 139,150 |
| M S Graham | - | - | 61,500 | 61,500 |

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

20th October 2005

ZODIAC EUROPE FINANCE COMPANY LIMITED

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

We have audited the Financial Statements which comprise the profit and loss account, 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 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. 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 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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountant and Registered Auditors
London
20 October 2005

ZODIAC EUROPE FINANCE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

| | <u>Notes</u> | Year Ended 31 December 2004 £ | Period Ended 31 December 2003 £ |
|--|--------------|--|--|
| Turnover | 2 | 33,694 | - |
| Cost of sales | | <u>(11,367)</u> | <u>-</u> |
| Gross profit | | 22,327 | - |
| Administrative expenses | 3 | <u>(29,431)</u> | <u>-</u> |
| Operating loss | | (7,104) | - |
| Interest receivable and other income | 4 | <u>2,638</u> | <u>-</u> |
| Loss on ordinary activities before taxation | | (4,466) | - |
| Taxation on loss on ordinary activities | 6 | - | - |
| | | <u>-</u> | <u>-</u> |
| Loss deducted from reserves | 10 | <u>(4,466)</u> | <u>-</u> |

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

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 2004

| | <u>Notes</u> | 31 December 2004 £ | 31 December 2003 £ |
|---|--------------|--------------------------|--------------------------|
| Current Assets | | | |
| Debtors | 7 | 309,236 | 1 |
| Cash at bank and in hand | | <u>57,425</u> | <u>-</u> |
| | | 366,661 | 1 |
| Creditors: Amounts Falling Due Within One Year | 8 | <u>(371,126)</u> | <u>-</u> |
| Net Current (Liabilities)/Assets | | <u>(4,465)</u> | <u>1</u> |
| Net (Liabilities)/Assets | | <u>(4,465)</u> | <u>1</u> |
| Capital and Reserves | | | |
| Called-up Share Capital | 9 | 1 | 1 |
| Profit and Loss Account | 10 | <u>(4,466)</u> | <u>-</u> |
| Shareholder's Funds - Equity | 11 | <u>(4,465)</u> | <u>1</u> |

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

Approved by the Board on ~~20th October~~ 2005

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 2004

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.

(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 and not produce a cash flow statement.

(c) Taxation

The charge for taxation is based on the loss 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, a fellow subsidiary undertaking.

4. Interest receivable and other income

| | Year Ended 31 December 2004 £ | Period Ended 31 December 2003 £ |
|--------------------------------|--|--|
| Interest receivable: | | |
| On loans to group undertakings | 2,638 | - |

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

5. Directors' Emoluments and Employees

Directors' Emoluments

The Directors received no remuneration in respect of their services to the Company during the year (2003: nil).

| | Year Ended 31 December 2004 <u>No</u> | Period Ended 31 December 2003 <u>No</u> |
|---|--|--|
| Employees | | |
| Average number employed (including Directors) | <u>2</u> | <u>2</u> |

6. Taxation

| | Year Ended 31 December 2004 <u>£</u> | Period Ended 31 December 2003 <u>£</u> |
|---|---|---|
| (i) Analysis of charge in year | | |
| Current tax: | | |
| UK corporation tax on loss for the year | - | - |
| Deferred tax: | | |
| Origination and reversal of timing differences | <u>-</u> | <u>-</u> |
| Tax on loss on ordinary activities | <u>-</u> | <u>-</u> |
| (ii) Factors affecting the current tax charge for the year | | |
| Loss on ordinary activities before taxation | (4,466) | - |
| Tax at 30% | (1,340) | - |
| Group relief surrendered for nil consideration | <u>1,340</u> | <u>-</u> |
| Current tax charge | <u>-</u> | <u>-</u> |
| (iii) Deferred tax | | |

There was no provided or unprovided deferred taxation at 31 December 2004 (2003: nil).

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

7. Debtors

| | 31 December 2004 £ | 31 December 2003 £ |
|------------------------------------|-----------------------------------|-----------------------------------|
| Trade debtors | 26,599 | - |
| Amounts owed by group undertakings | 282,637 | 1 |
| | <u>309,236</u> | <u>1</u> |

8. Creditors: Amounts Falling Due Within One Year

| | 31 December 2004 £ | 31 December 2003 £ |
|------------------------------------|-----------------------------------|-----------------------------------|
| Trade creditors | (320,378) | - |
| Amounts owed to group undertakings | (50,748) | - |
| | <u>(371,126)</u> | <u>-</u> |

9. Called-up Share Capital

| | 31 December 2004 £ | 31 December 2003 £ |
|---|-----------------------------------|-----------------------------------|
| 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

| | 2004 £ | 2003 £ |
|--------------------------------------|-------------------|-------------------|
| At 1 January 2004 (12 February 2003) | - | - |
| Retained loss for the year | <u>(4,466)</u> | <u>-</u> |
| At 31 December | <u>(4,466)</u> | <u>-</u> |

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

11. Reconciliation of Movements in Shareholder's Funds

| | Year Ended 31 December 2004 £ | Period Ended 31 December 2003 £ |
|--|--|--|
| Called up share capital issued in the year | - | 1 |
| Retained loss for the year | (4,466) | - |
| Net (decrease)/increase in shareholder's funds | (4,466) | 1 |
| Opening shareholder's funds | 1 | - |
| Closing shareholder's funds | (4,465) | 1 |

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.