Company Registration No. 440897

Sixt Kenning Limited

Report and Financial Statements

31 December 2013

Sixt Kenning Limited

Report and financial statements 2013

Contents

Sixt Kenning Limited

Report and financial statements 2013

Officers and professional advisers

Directors

W Y Fung
I W Lawrence
J Z Putlitz
P I Voegerl
I Feast

Secretary

W Y Fung

Registered office

Durrant House
47 Holywell Street
Chesterfield
Derbyshire
S41 7SJ

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds

Sixt Kenning Limited

Strategic report

Principal activity and review of the business

The principal activity of the company continued to be that of car and van rental services

Network expansion continued in 2013 with Sixt adding concessions in Terminal at both London Gatwick and Birmingham International airport Further downtown locations were also opened in Liverpool and London Bloomsbury, all contributing to the increase in revenue in 2013

Gross margin increased as focus on pricing and yield management combined with a strongly improved ancillary sales programme resulted in a strong increase in revenue per fleet day

2013 saw a significant increase in administration costs mainly from the new locations opened in 2012- 2013, which resulted in higher staff numbers and salaries, as well as additional expenses in marketing, rents and commissions

Fleet acquisitions increased in the year as we opened new locations, and the cost of acquisitions was also higher as we reverted back to holding more premium vehicles, as opposed to the economy vehicles purchased in the prior year

Cash reduced significantly from the prior year end position, where we had built up substantial cash balances from increased funding towards the end of the year, to meet expected outflows early 2013

Key Risks and Uncertainties

Manufacturers have indicated a reduction in vehicle volumes to the rental industry in general which may impact upon our revenue and subsequent margins in 2014

Competition is expected to remain fierce in 2014, with aggressive pricing continuing in the market place

Further improvements in our sales and yield management processes combined with strict costs controls and operational excellence is our strategy for the coming year

Going concern

The directors have considered the going concern assumption in preparing these financial statements The directors' assessment has considered the company's forecasts, current financial resources and taking account of reasonably possible sensitivities in light of current economic uncertainty

The company is currently financed by way of an intercompany loan, however external facilities are available to enable repayment of the intercompany loan and to support the continuing activities of the business The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis of accounting

Approved by the Board of Directors
and signed on behalf of the Board

P Voegerl
Director

10th March 2014

Sixt Kenning Limited

Directors' report

The directors have pleasure in presenting their annual report with the audited financial statements for the year ended 31 December 2013

Results and dividends

The results of the company for the year ended 31 December 2013 are set out in the profit and loss account on page 6 The directors do not recommend payment of a dividend (2012 nil)

Financial instruments

The company's principal financial instruments comprise bank balances, bank loan and overdrafts, trade debtors and creditors, finance lease arrangements and intercompany funding The main purpose of these instruments is to ensure continued funding for the company

Due to the nature of the financial instruments used by the company there is little exposure to price risk

The company is exposed to both credit and cash flow risk which is managed by reviewing the credit terms offered to customers and the regular monitoring of amounts outstanding

The company utilises finance lease and intercompany funding where required to manage liquidity risk

Directors

The directors who held office throughout the year and subsequently, unless otherwise stated are as follows

W Y Fung	
I W Lawrence	
P T Mcloughlin	(Resigned 31st January 2013)
J Z Putlitz	
P I Voegerl	
I Feast	(Appointed 1st May 2013)

Auditor

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware,
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

A resolution to re-appoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

P Voegerl
Director

10th March 2014

Directors' responsibilities statement

The dırectors are responsıble for preparıng the Annual Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year. Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgements and accountıng estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, subȷect to any materıal departures dısclosed and explaıned ın the financıal statements, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keeping adequate accountıng records that are suffıcıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

The dırectors are responsıble for the maıntenance and ıntegrıty of the corporate and financıal ınformatıon ıncluded on the company's websıte Legıslatıon ın the Unıted Kıngdom governıng the preparatıon and dıssemınatıon of financıal statements may dıffer from legıslatıon ın other ȷurısdıctıons

Independent Auditor's Report to the Members of Sixt Kenning Limited

We have audited the financial statements of Sixt Kenning Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23 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 Directors' Responsibilities Statement, 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit 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 2013 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 Strategic Report and 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
- 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

David Johnson BA, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, UK

12 March 2014

Sixt Kenning Limited

Profit and loss account
Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	41,420	36,243
Cost of sales (including exceptional VAT reclaim of £1,494,000)	3	(21,841)	(23,311)
Gross profit		19,579	12,932
Administration expenses		(14,889)	(10,298)
Operating profit	3	4,690	2,634
(Loss)/profit on sale of properties	3	(4)	103
Profit on ordinary activities before interest		4,686	2,737
Interest receivable (including exceptional interest of £1,813,000)	6	1,873	34
Interest payable and similar charges	7	(846)	(703)
		1,027	(669)
Profit on ordinary activities before taxation		5,713	2,068
Tax on profit on ordinary activities	8	(273)	123
Profit on ordinary activities after taxation	16,17	5,440	2,191

The above results derive from continuing operations

The accompanying notes are an integral part of this profit and loss account

There were no other recognised gains and losses during the current or the preceding year and accordingly no statement of total recognised gains and losses has been prepared

Sixt Kenning Limited

Balance sheet
31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	9	1,544	1,871
Tangible assets	10	42,441	38,232
		43,985	40,103
Current assets			
Stocks	11	104	96
Debtors	12	16,400	14,464
Cash at bank and in hand		623	9,527
		17,127	24,087
Creditors: amounts falling due within one year	13	(43,010)	(51,398)
Net current liabilities		(25,883)	(27,311)
Total assets less current liabilities		18,102	12,792
Provisions for liabilities	14	-	(130)
Net assets		18,102	12,662
Capital and reserves			
Called up share capital	15	4,000	4,000
Share premium account	16	10,357	10,357
Profit and loss account	16	3,745	(1,695)
Shareholders' funds	17	18,102	12,662

The accompanying notes are an integral part of this balance sheet

These financial statements of Sixt Kenning Limited, company number 440897 were approved by the Board of Directors on 10th March 2014

Signed on behalf of the Board of Directors

P Voegerl

Director

Notes to the financial statements
Year ended 31 December 2013

1 Accounting policies

The principal accounting policies are summarised below They have all been applied consistently throughout the current and prior year

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Going concern

The directors have considered the going concern assumption in preparing these financial statements The directors' assessment has considered the company's forecasts, current financial resources and taking account of reasonably possible sensitivities in light of current economic uncertainty

The company is currently financed by way of an intercompany loan, however external facilities are available to enable repayment of the intercompany loan and to support the continuing activities of the business The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis of accounting

Turnover

Turnover represents amounts receivable from vehicle rental service fees net of VAT and trade discounts Turnover is recognised as the service is provided over the term of the rental Where a rental is only partially completed at the balance sheet date, turnover represents the value of the rental provided to date Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income as part of creditors due within one year

Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years

Tangible fixed assets and depreciation

Vehicles are capitalised net of manufacturer rebates and are depreciated on a straight line basis taking into account prevailing residual values and expected holding period

Tangible fixed assets other than freehold land are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings freehold	land not depreciated, buildings at 2% p a
Land and buildings leasehold	over the lives of the respective leases
Plant and machinery	10%-33% p a
Motor vehicles	14%-42% p a

Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives Obligations under such agreements are included in creditors net of the finance charges allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

Stock

Stocks are valued at the lower of cost and net realisable value, due allowance being made for obsolete and slow-moving stocks

Pensions

The company operates a defined contribution scheme for the benefit of its employees Contributions payable are charged to the profit and loss account in the year they are payable

Notes to the financial statements
Year ended 31 December 2013

1. Accounting policies (continued)

Cash flow statement

The company's ultimate parent company, Sixt SE, has included a consolidated group cash flow statement in its financial statements In accordance with the provisions of Financial Reporting Standard 1 (Revised) the company has therefore dispensed with the inclusion of a cash flow statement in its own financial statements

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 in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured on a non-discounted basis

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Operating profit

	2013 £'000	2012 £'000
Operating profit is stated after charging/(crediting)		
Amortisation of intangible assets	327	327
Depreciation of tangible assets - owned assets	8,576	6,282
Depreciation of tangible assets - leased assets	467	2,937
Profit on disposal of tangible assets - vehicles	(1,026)	(682)
Operating Lease Rentals – vehicles	4,554	4,054
Operating Lease Rentals – Other	1,249	1,222
Fees payable to the company's auditor for the audit of these financial statements	23	28
Fees payable to the company's auditor – taxation service	6	6

The company's turnover is derived from the company's principal activity of car and van rental services which are provided under operating leases These leases relate to the motor vehicles disclosed in note 10

The company made a loss on the disposal of properties of £4,000 (2012 profit of £103,000) that has been disclosed as non-operating The tax associated with these disposals was £nil (2012 £nil)

During the year an exceptional VAT reclaim relating to the period April 1988 to April 1992 totalling £1,494,000 was received The initial cost had previously been charged to cost of sales Interest received in relation to this was £1,813,000 The tax charge relating to the aggregate exceptional items is £769,000

Notes to the financial statements
Year ended 31 December 2013

4. Directors' remuneration

	2013 £'000	2012 £'000
Emoluments for qualifying services	353	322
Company pension contributions to money purchase schemes	47	37
	400	359

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2012 2)

Emoluments disclosed above include the following amounts paid to the highest paid director

	2013 £'000	2012 £'000
Emoluments for qualifying services	142	151
Company pension contributions to defined contribution schemes	27	11

5. Employees

The average number of employees (including directors) during the year was

	2013 No.	2012 No.
Administration	277	234
Sales	33	38
	310	272

Employment costs	2013 £'000	2012 £'000
Wages and salaries	7,251	5,321
Social security costs	639	496
Other pension costs	66	54
	7,956	5,871

Notes to the financial statements
Year ended 31 December 2013

6. Interest receivable

	2013 £'000	2012 £'000
Bank interest receivable	14	16
Group interest receivable	45	18
Other interest receivable (see note 3)	1,814	-
	1,873	34

7. Interest payable and similar charges

	2013 £'000	2012 £'000
Bank interest	4	10
Lease finance charges	70	415
Intercompany liabilities	768	264
Discount unwinding	4	14
	846	703

8. Taxation

	2013 £'000	2012 £'000
Current taxation:		
UK corporation tax	-	(157)
Adjustment in respect of previous periods	(277)	34
Total current taxation	(277)	(123)
Deferred taxation		
Origination and reversal of timings differences	351	-
Effect of change of tax rates	199	-
Total deferred taxation	550	-
Total tax charge/(credit)	273	(123)

Notes to the financial statements
Year ended 31 December 2013

8. Taxation (continued)

Factors affecting the credit for the year

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	5,712	2,068
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23 25% (2012 24 5%)	1,328	507
Effects of:		
Non deductible expenses	114	117
Capital allowances in excess of depreciation	1,204	(869)
Utilisation of tax losses	(2,835)	-
Movement in short term timing differences	189	114
Other tax adjustments	-	(26)
Adjustments in respect of previous periods	(277)	34
Current tax credit	(277)	(123)

9. Intangible fixed assets

	Goodwill £'000
Cost	
At 1 January 2013 and 31 December 2013	6,545
Amortisation	
At 1 January 2013	4,674
Charge for the year	327
At 31 December 2013	5,001
Net book value	
31 December 2013	1,544
31 December 2012	1,871

Notes to the financial statements
Year ended 31 December 2013

10. Tangible fixed assets

	Land and buildings freehold £'000	Land and buildings short Leasehold £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2013	2,644	1,176	1,457	42,002	47,279
Additions	24	73	428	62,325	62,850
Disposals	(7)	-	(15)	(59,714)	(59,736)
At 31 December 2013	2,661	1,249	1,870	44,613	50,393
Accumulated depreciation					
At 1 January 2013	872	669	881	6,625	9,047
On disposal	(7)	-	(11)	(10,121)	(10,139)
Charge for the year	76	127	245	8,596	9,044
At 31 December 2013	941	796	1,115	5,100	7,952
Net book value					
31 December 2013	1,720	453	755	39,513	42,441
31 December 2012	1,772	507	576	35,377	38,232

Included above are assets held under finance leases or hire purchase contracts as follows

	2013 £'000	2012 £'000
Net book values	-	13,506

The related finance lease obligations included within creditors are secured upon these assets and guarantees given by the ultimate parent company

11. Stocks

	2013 £'000	2012 £'000
Consumables	104	96

Notes to the financial statements
Year ended 31 December 2013

12. Debtors

	2013 £'000	2012 £'000
Trade debtors	6,423	5,777
Amount owed by parent and fellow subsidiary undertakings	8,149	6,246
Prepayments and accrued income	478	541
Deferred tax	1,350	1,900
	16,400	14,464

Deferred tax

On the basis of these financial statements no provision has been made for corporation tax Deferred tax provided for in the accounts and the amounts not provided for at 20% (2012. 23%) are as follows

	2013		2012	
	Provided £'000	Not provided £'000	Provided £'000	Not Provided £'000
Accelerated capital allowances	1,350	5,613	1,900	5,430
Other timing differences	-	346	-	279
Losses	-	309	-	3,160
	1,350	6,268	1,900	8,869

£1,350,000 of the deferred tax asset has been recognised as at 31 December 2013 for accelerated capital allowances based on the company forecasts and directors assessment of the recovery

The reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013, was substantively enacted on 3 July 2012 Since that date, further legislation has been enacted which has reduced the corporation tax rate to 21% with effect from 1 April 2014, and 20% with effect from 1 April 2015

These further reductions in the UK corporation tax rate were substantively enacted on 2 July 2013, and hence prior to the balance sheet date Accordingly, deferred tax balances have been revalued to 20% in these accounts

13. Creditors amounts falling due within one year

	2013 £'000	2012 £'000
Bank loan and overdrafts	2,656	13,456
Net obligations under finance leases	-	14,088
Trade creditors	10,527	7,148
Amounts owed to parent and fellow subsidiary undertakings	26,191	13,417
Taxes and social security costs	619	150
Accruals and deferred income	3,017	3,139
	43,010	51,398

The banks loans and overdrafts are secured by a guarantee given by the ultimate parent company The finance leases are secured on the assets to which they relate

Notes to the financial statements
Year ended 31 December 2013

14. Provision for liabilities

	2013 £'000	2012 £'000
At 1 January	373	498
Additional provision	33	18
Provision utilised	(113)	(150)
Provision released	(36)	(7)
Discount unwinding	4	14
	261	373
Included within liabilities falling due within one year	(261)	(243)
Balance at 31 December	-	130

The provision made relates to payments due on property leases The amounts due have been discounted to the net present value It is expected that the provision will be utilised within 3 years.

15. Called up share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid		
4,000,000 Ordinary shares of £1 each	4,000	4,000

16. Statement of movements on reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2013	10,357	(1,695)
Profit for the year		5,440
At 31 December 2013	10,357	3,745

17. Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Profit for the financial year	5,440	2,191
Opening shareholders' funds	12,662	10,471
Closing shareholders' funds	18,102	12,662

18. Contingent liabilities

The borrowings of the intermediate parent undertaking and all subsidiary undertakings are secured by guarantee from Sixt SE

The bank arrangements of the company operate on a pooled basis with the intermediate parent undertaking and fellow subsidiary undertakings Under these arrangements each participating company guarantees each other's overdrawn balances to the extent of their credit balances and the credit balances can be off set against overdrawn balances of participating companies

Notes to the financial statements
Year ended 31 December 2013

19. Financial commitments

At 31 December the company was committed to making the following payments under non-cancellable operating leases in the year

	Land and buildings		Other	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Expiry date				
Within one year	195	55	45	27
Between 2 – 5 years	545	773	5	5
Over 5 years	60	65	-	-
	800	893	50	32

20. Capital commitments

At 31 December 2013 the company has capital commitments to purchase vehicles with a value of £5,658,000 (2012 £nil)

21. Control

The ultimate parent company is Sixt SE incorporated in Germany The immediate parent company is United Kenning Rental Group Limited, a company registered in England and Wales Sixt SE prepares group financial statements and copies can be obtained from Zugspitzstrasse 1, 82049 Pullach, Germany

22. Related party relationships and transactions

The company has taken advantage of the exemption under FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions

There were no other related party transactions (2012 nil)