

AVIS RENT A CAR LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1983



AVIS RENT A CAR LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended June 30, 1983.

PRINCIPAL ACTIVITIES

The principal activity of the company is the renting of motor vehicles.

During the year the following changes were made in the group's activities:

On July 30, 1982 the whole of the share capital of Avis Parking Limited, a wholly-owned subsidiary which provided parking facilities, was sold to a third party. The consideration paid by the purchaser was by reference to the net assets as at July 1, 1982.

On September 10, 1982 the business and related assets of Avis Truck Leasing Limited together with certain assets relating to the short term truck rental business of Avis Rent A Car Limited were transferred to a newly acquired subsidiary company. On that date Avis Rent A Car Limited discontinued its short term truck rental operations and Avis Truck Leasing Limited ceased trading.

The whole of the share capital of that newly acquired subsidiary was sold to a third-party on September 14, 1982.

RESULTS

The net profit for the year after taxation was £4,697,590 (1982 loss - £861,463) which, when added to retained earnings at June 30, 1982 results in a consolidated balance of retained earnings at June 30, 1983 of £10,734,366.

The directors do not recommend the payment of a dividend.

DIRECTORS

The following were directors of the Company during the year:

Mr. W.A. Cathcart	
Mr. J. Morley	- appointed October 25, 1982
Mr. J. Sanz	
Mr. W.J. Sykes	
Mr. G. Corbett	- appointed October 24, 1983

There were no directors' interests requiring disclosure under the Companies Acts.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year, the company made charitable donations totalling £Nil (1982: £250). No political contributions were made.

AVIS RENT A CAR LIMITED

DIRECTORS' REPORT (continued)

EMPLOYMENT OF DISABLED PERSONS

The company operates an equal opportunity policy in employment and, wherever possible, will give special consideration to any disabled person who applies for employment in an existing vacancy. Where required, the company will make reasonable modifications to premises and equipment and will provide appropriate rehabilitation and training to disabled employees.

BY ORDER OF THE BOARD



W.J. SYKES
Secretary

REPORT OF THE AUDITORS
TO THE MEMBERS OF AVIS RENT A CAR LIMITED

We have audited the financial statements set out on pages 4 to 18 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group at June 30, 1983 and of the profit and source and application of funds of the Group for the year then ended and comply with the Companies Acts 1948 to 1981.

Deloitte Haskins & Sells

DELOITTE HASKINS & SELLS
Chartered Accountants
London

17th May 1984.

AVIS RENT A CAR LIMITED

ACCOUNTING POLICIES

Basis of accounting

The company prepares its financial statements on the historical cost basis of accounting.

Basis of consolidation

The consolidated balance sheet comprises the assets and liabilities of Avis Rent A Car Limited and its subsidiaries. The consolidated profit and loss account comprises the results of Avis Rent A Car Limited for the year ended June 30, 1983 and its truck leasing subsidiaries, Avis Truck Leasing Limited, for the period July 1, 1982 to September 10, 1982 upon which date it ceased trading and Eachrose Limited from the date of its acquisition until its disposal on September 14, 1982. Avis Parking Limited was sold with effect from July 1, 1982, accordingly its results for the period to the date of disposal have not been included in the consolidated profit and loss account.

Associated companies

Companies in which the group has an interest comprising not less than 10% of the equity capital and is in a position to exercise significant influence over their commercial and operating policy decisions, are treated as associated companies. The consolidated profit and loss account includes the appropriate share of these companies profits. The group's share of the post acquisition retained profits and reserves is added to the cost of the investment in the consolidated balance sheet.

Profit and loss account

The company has taken advantage of the exemption contained in the Companies Act 1948 from presenting its own profit and loss account.

Vehicles

Vehicles are stated at cost after deducting all trade discounts and the net purchase rebate accruing during the year. Purchase rebates which depend on the future volume of purchases are credited to income over the average depreciable lives of the vehicles and the deferred element is deducted from the cost of vehicles on the balance sheet.

Depreciation is based on estimates of future residual values which, for certain vehicles, is agreed at the time of purchase. Depreciation rates vary between 15% and 50% per annum.

The cost of vehicles invoiced to the Group and paid for but not delivered and installed is classified under prepayments.

Vehicles transferred within the Group are transferred at net book value on the date of transfer and are recorded in the books of the receiving company at original cost, with depreciation calculated from the original purchase date.

In respect of the business and related assets of Avis Truck Leasing together with certain assets relating to the short term rental business of Avis Rent a Car Limited, vehicles were transferred to a newly acquired subsidiary at market valuation.

AVIS RENT A CAR LIMITED

ACCOUNTING POLICIES (continued)

In the case of leased vehicles, the company as lessee follows the financing method of accounting whereby the vehicles are dealt with as though they had been purchased outright at the time that the vehicles were installed and depreciation is charged accordingly. Purchase cost is included under vehicles and an equivalent amount included under liabilities.

Property and equipment

Depreciation is calculated to write down the cost of fixed assets to their estimated residual values in equal annual instalments over their estimated economic lives at the following rates:

Freehold property	2% p.a.
Leasehold property and improvements	3% - 33% p.a.
Furniture and equipment	20% - 25% p.a.

Deferred taxation

The company, and its subsidiaries, provide in full, using the deferral method for the taxation arising on timing differences between the treatment of items in the financial statements and their treatment for taxation purposes. The directors of the company consider it uncertain that these timing differences, which arise mainly through the excess of tax depreciation (capital allowances) over book depreciation, will continue in the foreseeable future and therefore consider such provisions are appropriate.

Foreign currency

Profit and loss items transacted in foreign currencies are recorded in sterling at exchange rates ruling at the transaction date. Assets and liabilities denominated in foreign currencies are translated at exchange rates ruling at the balance sheet date. All exchange differences are reflected in the profit and loss account.

Turnover

Turnover consists primarily of invoiced amounts in respect of motor vehicle, rental and leasing income, together with sales of fuel and accessories net of value added tax, discounts and commissions.

AVIS RENT A CAR LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1983**


	<u>Notes</u>	<u>1983</u> £	<u>1982</u> £
Turnover	1	29,593,430	34,540,476
Cost of sales	2	(20,980,439)	(27,271,108)
Gross profit		8,612,991	7,269,368
Distribution costs		(2,016,282)	(2,184,606)
Administration expenses		(3,710,547)	(4,470,081)
Interest	4	(632,575)	(944,600)
Trading profit/(loss) on ordinary activities		2,253,587	(329,919)
Foreign exchange gain		1,032,754	153,959
Share of associated companies' profit		715,004	411,712
Profit on ordinary activities before taxation		4,001,345	235,752
Write-off of group relief receivable		-	(693,727)
Taxation credit/(charge) for the year	5	608,745	(403,488)
Profit/(loss) on ordinary activities after taxation		4,610,090	(861,463)
Extraordinary item	6	87,500	"
Retained profit/(loss) for the financial year		<u>£ 4,697,590</u>	<u>£ (861,463)</u>

THE RENT A CAR LIMITED

FINANCIAL STATEMENTS AT JUNE 30, 1983

	Notes	GROUP 1983 £	1982 £	COMPANY 1983 £	1982 £
FIXED ASSETS					
Tangible assets:					
Vehicles	7	23,722,056	26,508,345	23,722,056	22,829,963
Property and equipment	8	1,734,239	1,921,542	1,734,239	1,778,294
Investments	9	899,466	523,477	691,309	560,000
		<u>26,355,761</u>	<u>28,953,364</u>	<u>26,147,604</u>	<u>25,168,257</u>
CURRENT ASSETS					
Cash at bank and in hand		14,515,057	9,734,200	14,515,057	9,509,070
Debtors and other current assets	10	12,316,707	14,282,462	14,527,145	13,494,475
		<u>26,831,764</u>	<u>24,016,662</u>	<u>29,042,202</u>	<u>23,003,545</u>
CURRENT LIABILITIES - CREDITORS:					
Amounts falling due with one year	11	(17,087,497)	(20,617,502)	(19,497,935)	(18,675,135)
		<u>9,744,267</u>	<u>3,399,160</u>	<u>9,544,267</u>	<u>4,328,410</u>
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>36,100,028</u>	<u>32,352,524</u>	<u>35,691,871</u>	<u>29,496,667</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	11	(15,241,226)	(15,240,251)	(15,241,226)	(13,805,267)
PROVISION FOR LIABILITIES AND CHARGES					
	12	(8,791,003)	(9,742,064)	(8,791,003)	(8,949,378)
NET ASSETS		<u>£12,067,799</u>	<u>£ 7,370,209</u>	<u>£11,659,642</u>	<u>£ 6,742,022</u>
CAPITAL AND RESERVES					
Called up share capital	13	1,250,100	1,250,100	1,250,100	1,250,100
Share premium account	14	83,333	83,333	83,333	83,333
Profit and loss account	14	10,734,366	6,036,776	10,326,209	5,408,589
		<u>£12,067,799</u>	<u>£ 7,370,209</u>	<u>£11,659,642</u>	<u>£ 6,742,022</u>

The financial statements on pages 4 to 18 were approved by the directors on 17 May 1984 and are signed on their behalf by:

 Directors

AVIS RENT A CAR LIMITED**STATEMENT OF SOURCE AND APPLICATION OF FUNDS**
FOR THE YEAR ENDED JUNE 30, 1963

	<u>1963</u>	<u>1962</u>
	£	£
Profit on ordinary activities before taxation	4,001,345	235,752
Adjustment for items not involving the movement of funds:		
Share of associated companies profits	(715,004)	(411,712)
Depreciation of vehicles, property and equipment	6,972,644	8,886,706
Surplus on disposal of vehicles, property and equipment	(1,427,387)	(907,645)
	<u>8,831,598</u>	<u>7,803,101</u>
OTHER SOURCES:		
Proceeds on disposal of vehicles, property and equipment	23,005,791	14,753,176
Dividend received from associated company	175,255	123,563
Increase in long term liabilities	975	-
Profit on disposal of Avis Parking Limited	125,000	-
	<u>23,307,021</u>	<u>14,876,739</u>
TOTAL SOURCE OF FUNDS	<u>32,138,619</u>	<u>22,679,840</u>
APPLICATION OF FUNDS		
Purchases of vehicles, property and equipment	25,577,456	22,876,749
Investment in associated company	141,309	-
Corporation tax payment	460,000	-
Reduction in long-term liabilities	-	3,981,567
	<u>26,178,765</u>	<u>26,858,316</u>
TOTAL APPLICATION OF FUNDS		
NET SOURCE/(APPLICATION) OF FUNDS	<u>£ 5,959,854</u>	<u>£ (4,178,476)</u>
THE NET SOURCE/(APPLICATION) OF FUNDS IS REPRESENTED BY THE FOLLOWING INCREASE/(DECREASE) IN WORKING CAPITAL:		
Debtors	(1,965,755)	6,084,230
Creditors falling due within one year	3,119,202	(2,177,702)
	<u>1,153,447</u>	<u>3,906,528</u>
Movement in net liquid funds:		
Cash at bank and in hand	4,780,857	(10,426,467)
Bank loans and overdrafts	25,550	2,341,463
	<u>£ 5,959,854</u>	<u>£ (4,178,476)</u>

AVIS RENT A CAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1983

1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>Turnover</u>		<u>Trading profit/(loss) on ordinary activities before taxation</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
Short-term car and van rental	27,937,761	25,217,975	2,877,993	927,118
Short-term truck rental and truck leasing	1,655,669	7,434,917	(624,406)	(1,134,138)
Provision of parking facilities	-	1,887,584	-	(122,899)
	<u>£29,593,430</u>	<u>£34,540,476</u>	<u>£2,253,587</u>	<u>£ (329,919)</u>

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED AFTER CHARGING/ (CREDITING):

	<u>1983</u>	<u>1982</u>
	£	£
Staff costs (see note 3)	5,973,095	8,263,104
Depreciation on vehicles	6,652,177	8,322,899
Depreciation on property and equipment	320,467	563,807
Surplus on sale of vehicles, property and equipment	(1,427,387)	(907,645)
Exceptional item	-	542,000
Other operating income	(950,242)	(828,249)
Auditors' remuneration	28,800	35,825
Hire of vehicles (other than those hired under finance leases)	229,978	252,351

3. DIRECTORS AND EMPLOYEES

The average weekly number of persons (including directors) employed by the company during the year was:

	<u>1983</u>	<u>1982</u>
Short-term car and van rental	659	767
Short-term truck rental and truck leasing	34	145
Parking	-	152
	<u>693</u>	<u>1,064</u>

AVIS RENT A CAR LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****3. DIRECTORS AND EMPLOYEES (continued)**

	<u>1983</u>	<u>1982</u>
	£	£
Staff costs:		
Wages and salaries	5,098,437	6,831,769
Social security costs	567,026	917,234
Other pension costs	212,861	219,573
Severance pay	94,771	300,528
	<u>£5,973,095</u>	<u>£8,269,104</u>

The remuneration paid to directors was:

	<u>1983</u>	<u>1982</u>
	£	£
Remuneration as executives	40,798	59,465
Compensation for loss of office	-	41,400
	<u>£40,798</u>	<u>£100,865</u>

Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:

	£ Nil	£ Nil
Chairman	<u>£24,479</u>	<u>£32,628</u>
Highest paid director		

The number of other directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	<u>1983</u>	<u>1982</u>
£ 0 - £ 5,000	1	2
£15,000 - £20,000	1	1

4. INTEREST

	<u>1983</u>	<u>1982</u>
	£	£
Interest charged:		
On bank loans and overdrafts repayable within 5 years	20,755	327,826
Applicable to finance leases	2,233,605	2,830,259
	<u>2,254,360</u>	<u>3,158,085</u>
Interest received:		
From related companies	(366,145)	(30,712)
From bank deposits	(1,254,821)	(2,182,773)
Other	(819)	-
	<u>£ 632,575</u>	<u>£ 944,600</u>

AVIS RENT A CAR LIMITED**NOTES TO THE FINANCIAL STATEMENTS** (continued)**5. TAXATION**

	<u>1983</u>	<u>1982</u>
	£	£
UK corporation tax at 52%		
Current	(82,720)	(552,168)
Deferred	988,561	235,748
Adjustments in respect of prior years		
Current	7,973	-
Deferred	-	127,022
	<u>913,814</u>	<u>(189,398)</u>
Share of associated company tax charge	(305,069)	(214,090)
	<u>£608,745</u>	<u>£(403,488)</u>

The group taxation charge for the year has been reduced principally by free group relief received with a tax effect of £1,863,000 and the adjustment to deferred taxation provisions no longer required in Avis Truck Leasing Limited of £792,686 (see note 12).

Taxation in these financial statements has been calculated on the basis of tax legislation currently in force and not on the basis of the proposed legislation of the Budget of March 13, 1984. In the opinion of the directors the effect of the proposed legislation would not be significant in these financial statements.

6. EXTRAORDINARY ITEM

	<u>1983</u>	<u>1982</u>
	£	£
Extraordinary income:		
Surplus on disposal of subsidiary company	125,000	-
UK corporation tax thereon	(37,500)	-
	<u>£ 87,500</u>	<u>£ -</u>

AVIS RENT A CAR LIMITEDNOTES TO THE FINANCIAL STATEMENTS (continued)7. VEHICLES

	<u>GROUP</u>	<u>COMPANY</u>
	£	£
COST		
At July 1, 1982	34,983,269	29,185,713
Additions	24,763,577	24,703,468
Disposals	(27,099,568)	(26,872,168)
Disposal resulting from sale of truck operations	(5,493,883)	(214,945)
Group transfers	-	351,327
At June 30, 1983	<u>27,153,395</u>	<u>27,153,395</u>
ACCUMULATED DEPRECIATION		
At July 1, 1982	8,474,924	6,355,750
Charge for the year	6,652,177	6,362,177
Eliminated in respect of disposals	(9,491,044)	(9,343,549)
Eliminated on disposal resulting from sale of truck operations	(2,204,718)	(10,440)
Group transfers	-	67,401
At June 30, 1983	<u>3,431,339</u>	<u>3,431,339</u>
NET BOOK VALUE		
At June 30, 1983	<u>£23,722,056</u>	<u>£23,722,056</u>
At June 30, 1982	<u>£26,508,345</u>	<u>£22,829,963</u>

Substantially all of the Company's vehicles are leased under financing arrangements. Although the company does not have legal title to the vehicles, it carries all the risk of ownership and, consequently, these vehicles are recorded using the financing method of accounting. The book value of these vehicles, before deduction of deferred purchase rebates, included in the above figures was:

	<u>GROUP</u>	<u>COMPANY</u>
At June 30, 1983	<u>£24,527,645</u>	<u>£24,527,645</u>
At June 30, 1982	<u>£25,301,039</u>	<u>£23,229,374</u>

Certain of the vehicles included in the above leasing arrangements have been sub-leased to a fellow subsidiary of Esmark Inc. The book value of these vehicles included in the above figures at June 30 1983 was £680,683 (1982: NIL).

AVIS RENT A CAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. PROPERTY AND EQUIPMENT

GROUP

	<u>Land and buildings</u>	<u>Furniture and equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	£	£	£	£
COST				
At July 1, 1982	214,061	920,957	2,008,851	3,143,869
Additions	-	195,827	618,052	813,879
Disposals	(154,466)	(386,317)	(660,909)	(1,201,692)
At June 30, 1983	<u>59,595</u>	<u>730,467</u>	<u>1,965,994</u>	<u>2,756,056</u>
DEPRECIATION				
At July 1, 1982	31,740	570,030	620,557	1,222,327
Charge for year	2,745	171,833	145,889	320,467
Eliminated in respect of disposals	(14,803)	(248,344)	(257,830)	(520,977)
At June 30, 1983	<u>19,682</u>	<u>493,519</u>	<u>508,616</u>	<u>1,021,817</u>
NET BOOK VALUE				
At June 30, 1983	<u>£ 39,913</u>	<u>£236,948</u>	<u>£1,457,378</u>	<u>£1,734,239</u>
At June 30, 1982	<u>£182,321</u>	<u>£350,927</u>	<u>£1,388,294</u>	<u>£1,921,542</u>
COMPANY				
COST				
At July 1, 1982	214,061	763,545	1,912,607	2,890,213
Additions	-	195,827	618,052	813,879
Disposals	(154,466)	(228,905)	(564,665)	(948,036)
At June 30, 1983	<u>59,595</u>	<u>730,467</u>	<u>1,965,994</u>	<u>2,756,056</u>
DEPRECIATION				
At July 1, 1982	31,740	484,077	596,102	1,111,919
Charge for year	2,745	171,833	145,889	320,467
Eliminated in respect of disposals	(14,803)	(162,391)	(233,375)	(410,569)
At June 30, 1983	<u>19,682</u>	<u>493,519</u>	<u>508,616</u>	<u>1,021,817</u>
NET BOOK VALUE				
At June 30, 1983	<u>£ 39,913</u>	<u>£236,948</u>	<u>£1,457,378</u>	<u>£1,734,239</u>
At June 30, 1982	<u>£182,321</u>	<u>£279,468</u>	<u>£1,316,505</u>	<u>£1,778,294</u>

AVIS RENT A CAR LIMITEDNOTES TO THE FINANCIAL STATEMENTS (continued)9. INVESTMENTS

	<u>GROUP</u>	<u>COMPANY</u>
Shares at cost		
Associated companies:		
At July 1, 1982	350,000	350,000
Acquisitions during the year	141,309	141,309
At June 30, 1983	491,309	491,309
Subsidiary companies:		
At July 1, 1982	-	210,000
Acquisitions during the year	-	100
Disposals during the year	-	(10,100)
At June 30, 1983	-	200,000
Share of profits of associated companies from date of acquisition less dividends received:		
At July 1, 1983	173,477	-
Current year	234,680	-
At June 30, 1983	408,157	-
Summary		
At June 30, 1983	£899,466	£691,309
At June 30, 1982	£523,477	£560,000

The company holds more than 10% of the equity of the following companies:

<u>Name</u>	<u>Country of incorporation</u>	<u>Holding</u>	<u>Proportion held at</u>	
			<u>June 30 1982</u>	<u>June 30 1983</u>
Avis Car Leasing Limited	UK	Ordinary shares	50%	50%
Sogen Avis (acquired March 31, 1983)	France	Ordinary shares	-	12½%
Avis Truck Leasing Limited	UK	Ordinary shares	100%	100%
Barcelsure Limited (non trading)	UK	Ordinary shares	100%	100%
Victor Britain Limited (non trading)	UK	Ordinary shares	100%	100%
Avis Parking Limited (sold July 1, 1982)	UK	Ordinary shares	100%	-

APTS NEXT A CAR LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****10. DEBTORS AND OTHER CURRENT ASSETS**

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	6,078,643	11,133,964	6,078,643	10,433,197
Amounts owed by affiliate companies	4,965,292	1,387,779	4,965,292	1,387,779
Amounts owed by subsidiary companies	-	-	2,210,438	150,750
Prepayments and other current assets	1,272,772	1,760,719	1,272,772	1,522,749
	<u>£12,316,707</u>	<u>£14,282,462</u>	<u>£14,527,145</u>	<u>£13,494,475</u>

11. CREDITORS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
Amounts falling due within one year:				
Bank loans and overdrafts	764,571	790,121	3,253,666	290,683
Trade creditors	2,871,023	5,151,057	2,869,723	4,618,011
Corporation tax payable	166,915	552,168	89,558	298,523
Other taxation and social security payable	1,082,156	1,169,196	1,082,156	1,023,442
Amounts due to affiliate companies	-	285,560	-	284,292
Amounts due to subsidiary companies	-	-	-	190,193
Accrued expenses	2,916,415	2,933,404	2,916,415	2,662,242
Current portion of lease debt	9,286,417	9,735,996	9,286,417	9,307,749
	<u>£17,087,497</u>	<u>£20,617,502</u>	<u>£19,497,935</u>	<u>£18,675,135</u>
Amounts falling due after more than one year:				
Non current portion of lease debt	<u>£15,241,226</u>	<u>£15,240,251</u>	<u>£15,241,226</u>	<u>£13,805,267</u>

AVIS RENT A CAR LIMITED**NOTES TO THE FINANCIAL STATEMENTS** (continued)**12. PROVISION FOR LIABILITIES AND CHARGES**

Deferred taxation

	<u>1983</u>	<u>GROUP</u>	<u>1982</u>	<u>1983</u>	<u>COMPANY</u>	<u>1982</u>
	£		£	£		£
Tax effect of timing differences arising from:						
Excess of tax allowances over depreciation	8,429,800		9,880,487	8,429,800		9,065,528
Other	361,203		(138,423)	361,203		(116,150)
	<u>£8,791,003</u>		<u>£9,742,064</u>	<u>£8,791,003</u>		<u>£8,949,378</u>

The movements on the provision for deferred taxation are as follows:

	<u>GROUP</u>	<u>COMPANY</u>
	£	£
Provision at July 1, 1982	9,742,064	8,949,378
Transfer from profit and loss account	(951,061)	(158,375)
Provision at June 30, 1983	<u>£8,791,003</u>	<u>£8,791,003</u>

The deferred taxation provision in respect of excess tax allowances over depreciation has been reduced by £792,686. This amount related to vehicles transferred during the year by Avis Truck Leasing Limited as part of the transfer of the whole of the business and related assets to a newly acquired subsidiary of Avis Rent a Car Limited.

13. CALLED UP SHARE CAPITAL

	<u>1983</u>	<u>1982</u>
	£	£
Authorised 1,250,100 ordinary shares of £1 each	<u>£1,250,100</u>	<u>£1,250,100</u>
Allotted, issued and fully paid 1,250,100 ordinary shares of £1 each	<u>£1,250,100</u>	<u>£1,250,100</u>

AVIS RENT A CAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. SHARE PREMIUM ACCOUNT AND RESERVES

	<u>Share premium</u>	<u>Group profit and loss account</u>	<u>Company profit and loss account</u>
	£	£	£
At July 1, 1982	83,333	6,036,776	5,408,589
Retained profit for year	-	4,697,590	4,917,620
At June 30, 1983	<u>£83,333</u>	<u>£10,734,366</u>	<u>£10,326,209</u>
Retained by the holding company		10,326,209	
Retained by the subsidiaries		-	
Retained by the associated companies		408,157	
		<u>£10,734,366</u>	

15. PENSION COMMITMENTS

The company has a pension fund, membership of which is optional for employees employed prior to January 1, 1974 and compulsory for those employed thereafter.

An actuarial valuation of the fund by the Wyatt Company on July 1, 1982 indicated that there were sufficient assets in the fund to secure the benefits of existing pensioners and to provide paid up pensions to present employees on the basis of present salaries and credited periods of service.

16. CAPITAL COMMITMENTS

	<u>1983</u>	<u>1982</u>
	£	£
Capital expenditure contracted for but not provided in the financial statements	<u>£71,000</u>	<u>£247,000</u>
Capital expenditure authorised by the directors but not yet contracted for	<u>£ Nil</u>	<u>£ Nil</u>

In addition, as agents for its vehicle lessors, the company has placed purchase orders for 554 vehicles at an approximate cost of £2,800,000 (1982: 750 vehicles, £3,800,000). The company is committed to lease these vehicles from the lessors.

AVIS RENT A CAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. OTHER FINANCIAL COMMITMENTS

In accordance with the terms of the main vehicle lease, the company is obliged to maintain a bank account, the use of which is restricted. At June 30, 1983 the balance on this account, included in bank balances and cash on the balance sheet was f1,044,354 (1982: £886,155).

18. ULTIMATE HOLDING COMPANY

At June 30, 1983 the ultimate holding company was Norton Simon Inc., incorporated in the United States of America. Subsequent to that date Norton Simon Inc. was acquired by Esmark Inc. also incorporated in the United States of America. Esmark Inc. is now the company's ultimate holding company.