AVIS BUDGET UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

COMPANY NUMBER: 00802486

REGISTERED OFFICE:
7 Welbeck Street
London
W1G 9YE

AVIS BUDGET UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

AVIS BUDGET UK LIMITED
STRATEGIC REPORT

The Directors present their strategic report of the Company for the year ended 31 December 2013.

Principal Activities

The Company's principal activity during the year was the renting of motor vehicles.

The Company has continued to perform in line with market conditions throughout the year. The Directors expect the Company to continue to transact business as a car rental company in the coming year and forecast a competitive market with plans to continue a program of tight cost control with emphasis on revenue growth.

Strategic Review and Future Developments

The Company is the UK operation of the Avis Budget Group, Inc. group of companies, a global car rental services company.

During the year to 31 December 2013 the Company continued to perform as expected, and turnover increased to £156,852,000 (2012: £146,442,000) due to further integration of Budget Rent A Car and benefits of dual branding.

The Directors note that the Company's subsidiary company, Avis Europe Risk Management Limited, paid a dividend to the Company of £750,000 (2012: £712,000).

The Company made a loss after taxation for the year of £13,841,000 (2012: £22,138,000). Net liabilities of the Company are £3,250,000 (2012: Net Assets of £10,591,000) due to the cumulative reserves and the loss in the year.

An exceptional charge of £368,000 was realised in the year (2012: £2,567,000) relating primarily to restructuring of the business. Details can be found in Note 2.

The Company has continued to perform in line with market conditions throughout the year. The Directors expect the Company to continue to transact business as a car rental company in the coming year and forecast a competitive market with plans to continue a program of tight cost control.

Key Performance Indicators (KPIs)

The Company monitors a range of financial and non-financial performance indicators, reported on a periodic basis, to measure performance. The KPI key measures include rental turnover per day, rental days, average fleet utilisation, underlying pre-tax margin and return on capital employed. These are not disclosed due to the commercially sensitive nature of these.

Rental turnover per day is calculated by rental turnover divided by rental days. Rental turnover per day is defined as turnover excluding sale of fuel, sub-licensee income as well as other incidental operating income divided by rental days. Fleet utilisation is calculated as the average period of time during which vehicles are on rent as a percentage of their holding period. Underlying pre-tax margin is calculated as underlying profit before tax divided by total rental income. Underlying excludes exceptional charges. Underlying is not a defined term under UK GAAP, and is not intended to be a substitute for, or superior to, UK GAAP measures.

Return on capital employed is the ratio of underlying operating profit for the past 12 months to capital employed. Capital employed is an average of current and previous two period end closing balances, comprising shareholders' funds plus net debt and other liabilities.

Risks and uncertainties

Risk mitigation is a key part of the management of the Company and we have a consistent process to identify, manage and help mitigate exposure to issues that may have a negative impact on the business. The relative importance of identified risks is reviewed regularly and in respect of all such risks we continue to monitor and respond to the changing environment. Summarised below are some of the key risks that may affect the Company's business.

Demand

The Company faces various risks associated with demand for its services, which in itself is subject to seasonal variations. There may be disruptions in air travel for a number of reasons including natural disasters, terrorist activity or as a consequence of increased security measures being taken by authorities in anticipation of such a threat. An economic downturn, particularly sudden, poses challenges for the Company given its capital intensity and limited visibility of forward reservations. However, we have detailed management reporting systems that help to monitor daily rental patterns and future reservation trends. The Company maintains a flexible business model to allow us to readily flex fleet and staff when required in response to changes in demand.

The Company is dependent on the granting and renewal of concessionary arrangements at airports and railway stations. We seek to maintain strong relationships with all relevant authorities and have a strong track record of renewing such contracts on a regular basis.

Price

The Company is exposed to the risk of price movements in the market. The car rental industry faces pressure from increased pricing transparency as a result of the growth of internet travel portals, other forms of e-commerce and rental brokers. This transparency has increased the prevalence and intensity of price competition. The Company has a team who review market prices and demand on a regular basis.

Fleet

Loss or material change in the terms on which we obtain fleet vehicles from major vehicle suppliers could harm the performance of the Company. In the event that we could not procure all of the required vehicles from current sources, vehicles could be obtained from other sources, such as dealers.

Where difficulties are experienced in sourcing vehicles, or where prevailing economic conditions result in depressed used vehicle prices and reduced demand, these risks may be mitigated by extending the holding period of vehicles.

Credit Risk

The Company manages credit risk by requesting payment in advance from individual customers, and performing credit checks where considered appropriate on corporate customers. The Company uses a respected credit agency as part of an internal process for setting and reviewing credit lines.

Liquidity Risk

The nature of the car rental business model is such that the Company has the ability to flex the size of the business and hence funding requirements as required. The Company is primarily funded by secured bank loans and group undertakings (see Note 9).

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 within 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 group of companies.

By order of the Board

M J Kightley
Finance Director
30 April 2014

AVIS BUDGET UK LIMITED
DIRECTORS' REPORT

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 December 2013.

Results and Dividends

The Company made a loss after taxation for the year of £13,841,000 (2012: £22,138,000). The performance was in line with expectations. The Directors do not recommend the payment of a dividend (2012: nil).

Going Concern

The Directors note that the Company has net liabilities and has made a loss in the year. However, the Company's parent company has confirmed its intention to support the Company so as to ensure it meets its liabilities as they fall due for at least 12 months after the date of approval of these Financial Statements. The Directors therefore continue to adopt the going concern basis in preparing the Financial Statements.

Directors

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

S B D Fillingham	(resigned 12 April 2013)
R L R De Lussu	(resigned 8 January 2014)
K Ceille	(resigned 28 February 2014)
M R Smith	
M Servodidio	(appointed 27 February 2014)
M J Kightley	(appointed 8 January 2014)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 or 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.

Statement of 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 Directors 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.

Employment Policies and Practices

Details of the Company's employees during the year are set out in Note 3 to the Financial Statements.

During the year the Company continued to focus on developing a lean, efficient and flexible organisation. In this context the Company continued to focus on the positive elements of the business, celebrating successes, communicating regularly and openly at team level, giving employees direct contact with senior management, and continuing to provide training and development opportunities. The Company has maintained the practice of keeping employees informed about current activities and progress by various methods, including newsletters, management presentations and in-house publications.

The Company follows the principles of equal opportunity in recruitment, development, remuneration and advancement. Every effort is made to offer part time and flexible working arrangements to those employees who have personal and family commitments.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 3-5 and form part of this report by cross-reference.

Independent Auditors

Deloitte LLP will continue in office as auditors since the Company has elected to dispense with the annual reappointment of auditors, as permitted by Sections 485-488 of the Companies Act 2006.

By order of the Board

M J Kightley
Finance Director
30 April 2014

Independent auditors' report to the members of Avis Budget UK Limited

We have audited the Financial Statements of Avis Budget UK Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes 1-20. 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 2013 and of its loss 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Director's 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.

Anna Marks

Anna Marks (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading
30 April 2014

AVIS BUDGET UK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £000	2012 £000
TURNOVER	1	156,852	146,442
Cost of sales		(111,207)	(105,280)
GROSS PROFIT		45,645	41,162
Administrative Expenses			
Exceptional items	2	(368)	(2,567)
Other administrative expenses		(52,144)	(57,873)
		(52,512)	(60,440)
OPERATING LOSS	2	(6,867)	(19,278)
Income from shares in group undertakings		750	712
Interest payable and similar charges	4	(6,803)	(10,533)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(12,920)	(29,099)
Tax (charge)/credit on loss on ordinary activities	5	(921)	6,961
LOSS FOR THE FINANCIAL YEAR	13	(13,841)	(22,138)

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

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical equivalents.

There are no recognised gains or losses in either year other than the profit for that year.

The accompanying Notes on pages 11 to 27 form an integral part of these Financial Statements.

AVIS BUDGET UK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	2013 £000	2012 £000
FIXED ASSETS			
Tangible assets	6	186,366	202,210
Investments	7	3,800	3,800
		190,166	206,010
CURRENT ASSETS			
Stock		1,238	1,282
Debtors	8	80,483	74,847
Cash at bank and in hand		1,016	426
		82,737	76,555
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(265,856)	(263,004)
NET CURRENT LIABILITIES		(183,119)	(186,449)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,047	19,561
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	(343)	(445)
PROVISIONS FOR LIABILITIES AND CHARGES	11	(9,954)	(8,525)
NET (LIABILITIES)/ ASSETS		(3,250)	10,591
CAPITAL AND RESERVES			
Called up share capital	12	63,650	63,650
Share premium account	13	39,683	39,683
Profit and loss account deficit	13	(106,583)	(92,742)
Total shareholder's (deficit)/funds	14	(3,250)	10,591

The Financial Statements on pages 9 to 27 were approved by the board on 30 April 2014 and were signed on its behalf by:

M J Kightley
Finance Director
Avis Budget UK Limited
Registered no: 00802486

1 ACCOUNTING POLICIES

These Financial Statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The following principle accounting policies have been applied consistently in the preparation of the Financial Statements.

Going Concern

The company is trading with Net Liabilities due to trading losses. The Company's parent has confirmed its intention to support the Company so as to ensure it meets its liabilities as they fall due for at least 12 months after the date of approval of these Financial Statements. The Directors therefore continue to adopt the going concern basis in preparing the Financial Statements.

Basis of Accounting

The Company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly owned subsidiary undertaking of Avis Europe Overseas Limited, which is part of the group of companies owned by Avis Budget Group, Inc., a company incorporated in the United States of America, which itself prepares consolidated financial statements.

Turnover

Turnover comprises charges for the rental of a vehicle and is recognised on a daily rental basis. Other turnover including charges arising from the provision of services incidental to vehicle rental (such as the sale of fuel and the provision of foreign exchange services to rental customers) are recognised in line with underlying rental turnover. Other turnover also includes fees receivable from sub-licensees which is ordinarily recognised as a contracted percentage of the rental turnover of each individual sub-licensee.

Charges recovering the cost of damages incurred to vehicles are not recognised as turnover, but are netted against the related damage repair costs within cost of sales.

Turnover relates to the Company's activities in the UK. Further segment information has not been provided as in the opinion of the directors, this would be seriously prejudicial to the interests of the Company.

Cost of Sales

Cost of sales includes selling, turnover related (e.g. commissions and credit card fees) and vehicle costs. Contributions to vehicle costs from suppliers are credited over the holding period of the related vehicles. Any such contributions dependent on performance criteria are recognised in the income statement only to the extent that it is considered probable that the criteria will be met.

The Company participates in third party reward schemes (primarily airline frequent flyer loyalty programmes) which involves the purchasing of 'air miles' or 'points' which are then used in promotional activity. These costs are recognised as part of selling costs upon customers qualifying to receive these rewards.

Administrative expenses

Administrative expenses are recognised as an expense in the period in which they are incurred and include staff costs, non-vehicle related rental charges and other overheads.

Exceptional items

Exceptional items are material non-recurring items that derive from events or transactions that fall within the ordinary activities of the Company, and which individually or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence.

1 ACCOUNTING POLICIES (continued)

Fixed Asset Investments

Fixed asset investments are shown at cost less provisions for any impairment where the recoverable value is less than the cost. Any impairment of fixed asset investments is charged to the Profit and Loss Account in the year in which it arises.

Tangible Assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Vehicle depreciation is based on estimates of future residual values or on guaranteed residual values. Depreciation rates vary between 4% and 20% per annum, depending upon the type of vehicle.

Depreciation on other assets is calculated so as to write down the cost of tangible assets to their estimated residual value in equal instalments over their useful economic lives, being:

Freehold buildings	-	50 years or the life of the assets;
Leasehold property	-	the period of the lease;
Plant and equipment	-	2 to 10 years;
Freehold land	-	not depreciated.

Leased Assets

Leases of vehicles (including vehicles subject to manufacturer repurchase agreements) and other property, plant and equipment, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charge so as to achieve a constant rate of return on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing liabilities. The interest element of the finance cost is charged to the Profit and Loss account over the lease period. The leased assets are depreciated over their expected useful lives on a basis consistent with similar owned vehicles or other property, plant and equipment. If there is no reasonable certainty that ownership will be acquired by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provision is recognised. Provisions are measured at the value of the expenditures expected to be required to settle the obligation.

The Company limits its exposure to the cost of motor, employer and public liability claims through insurance policies issued by third parties, but self-insures subject to excess limits and annual aggregate stop losses for total claims. A provision is made for the estimated cost to the Company to settle claims for incidents occurring prior to the balance sheet date, together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but that have not yet been reported to the Company (subject to the overall stop losses) based on an assessment of the expected settlement on known claims, and after taking appropriate professional advice.

Stocks

Stocks, consisting of consumables, are valued at cost.

1 ACCOUNTING POLICIES (continued)

Pension Arrangements

The Company is the principal sponsoring employer of a pension scheme to which other UK companies in the Avis Budget EMEA Limited group of companies are also associated. The Company is unable to identify its share of assets and liabilities of the scheme and therefore in accordance with FRS 17, Retirement Benefits, the Company accounts for the scheme as a defined contribution scheme. Pension costs are recognised in profit and loss account as contributions incurred.

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.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the 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 FRS19, deferred tax. A deferred tax asset is only recognised when there are expected to be suitable future taxable profits within the group against which to reverse the underlying timing differences.

Foreign Currency

Monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the year-end. Transactions in foreign currencies 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.

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 Financial Reporting Standard 1, Cash flow Statements (Revised 1996), and not produce a cash flow statement.

Investments

Investments are stated at cost unless, in the opinion of the Directors, there has been an impairment in the value of an investment, when an appropriate provision is made. All of the investments are direct investments.

2 OPERATING LOSS

Operating loss is stated after charging

	2013 £000	2012 £000
Wages and salaries	23,258	23,883
Social security costs	1,818	1,892
Pension costs (see Note 15)	2,982	3,919
Staff Costs	**28,058**	**29,694**
Depreciation on vehicles - owned	27,101	20,738
Depreciation on vehicles - under finance lease	164	12,750
Depreciation on other owned tangible fixed assets	1,123	1,104
Operating lease rentals:		
Other	3,996	2,513
Fees payable to the Company's auditors for the audit of the Company's annual Financial Statements	77	71
- Other Services - the audit of the accounts of the subsidiary pursuant to legislation	5	5
- Other Services - the auditing of turnover, as required by concession agreements	6	17
Foreign exchange losses	4	122

Exceptional Items

	2013 £000	2012 £000
a) Restructuring costs	368	1,816
b) Integration costs	-	751
Exceptional items	368	2,567

a) Restructuring costs of £368,000 (2012: £1,816,000) were incurred in the year primarily relating to the cost of redundancies due to the outsourcing of activities to third party companies.

b) Net integration costs of £751,000 in 2012 were incurred following the acquisition by Avis Budget Group, Inc.

3 DIRECTORS AND EMPLOYEES

The average monthly number of persons (including Directors) employed by the Company during the year was:

	2013	2012
Operations	890	945
Sales and Reservations	26	32
Administration and Finance	76	131
	992	1,108

	2013 £000	2012 £000
Aggregate emoluments paid to Directors were as follows:		
Remuneration	843	840
Retirement benefits - cash balance scheme	-	6
	843	846

Three Directors (2012: four Directors) participate in the Company's pension schemes.

Following the closure of the Final Salary and Retirement Capital section to future accruals, retirement benefits are accruing to Three Directors (2012: four directors) under the company's Defined Contribution plan section of the pension scheme (see Note 15). However, contributions of these directors are settled by another group company.

Highest paid Director :	2013 £000	2012 £000
Aggregate emoluments	717	370
Company pension contributions to the cash balance scheme	-	6

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £000	2012 £000
On loans due to group undertakings	829	6,471
On finance leases & other fleet financing facilities	5,974	4,062
	6,803	10,533

5 TAXATION ON LOSS ON ORDINARY ACTIVITIES

i) Analysis of tax charge / (credit) in year

	2013 £000	2012 £000
Current Tax		
UK Corporation tax on loss for year	-	-
	-	-
Deferred Tax		
Origination and reversal of timing differences	(1,822)	(8,843)
Adjustments in respect of prior years	(838)	(274)
Remeasurement of deferred tax - change in rate	3,581	2,156
Total deferred tax (see Note 8)	921	(6,961)
Tax credit on loss on ordinary activities	921	(6,961)

The prior year adjustments are as a result of correcting prior year estimated tax charges to actuals following preparation of the UK Group tax returns.

ii) Factors affecting the current tax charge for the year

The current tax charge for the year is higher (2012: higher) than the standard rate of UK corporation tax 23.25% (2012: 24.5%) and is explained as follows:

	2013 £000	2012 £000
Loss on ordinary activities before tax	(12,920)	(29,099)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(3,004)	(7,129)
Expenses not taxable for tax purposes	619	61
Group relief obtained/surrendered for nil consideration	717	(1,424)
Timing differences	(459)	1,044
Timing differences on finance leased vehicles	876	7,655
Non-taxable dividend	(174)	(174)
Depreciation in excess of capital allowances claimed	1,405	144
Difference in deferred tax rate	20	(177)
Current tax charge for the year	-	-

The Finance Act 2013 included legislation to reduce the main rate of corporation tax in the UK from 23% to 21%, with effect from 1 April 2014, and from 21% to 20%, with effect from 1 April 2015.

6 TANGIBLE ASSETS

	Freehold Land and Buildings £000	Short Leasehold Property £000	Motor Vehicles £000	Plant & Equipment £000	Total £000
Cost:					
As at 1 January 2013	738	7,720	208,278	7,992	224,728
Additions	-	1,851	283,854	564	286,269
Disposals	-	(1,474)	(299,319)	(438)	(301,231)
As at 31 December 2013	738	8,097	192,813	8,118	209,766
Depreciation:					
As at 1 January 2013	738	4,265	9,906	7,609	22,518
Charge for the year	-	878	27,265	245	28,388
Disposals	-	(1,200)	(25,949)	(357)	(27,506)
As at 31 December 2013	738	3,943	11,222	7,497	23,400
Net book value:					
As at 31 December 2013	-	4,154	181,591	621	186,366
As at 31 December 2012	-	3,455	198,372	383	202,210

7 INVESTMENTS

	Shares in subsidiary undertakings £000
Cost of investments at 1 January 2013 and 31 December 2013	13,000
Provisions for impairment	
As at 1 January 2013 and 31 December 2013	(9,200)
Net book value as at 1 January 2013 and 31 December 2013	3,800

7 INVESTMENTS (CONTINUED)

Details of the Company's investments are as follows:

Name of entity and principal activity	Country of Incorporation	Holding	Proportion Held
Avis Truck Leasing Limited (non trading)	England and Wales	Ordinary Shares	100%
Avis Pension Trustees Limited (non trading)	England and Wales	Ordinary Shares	100%
Avis Rent A Car (Isle of Man) Limited (non trading)	Isle of Man	Ordinary Shares	100%
Barcelsure Limited (non trading)	England and Wales	Ordinary Shares	100%
Avis Europe Risk Management Limited (insurance broker)	England and Wales	Ordinary shares	100%

In the opinion of the Directors, the value of the Company's investments are not less than the amount at which they are now stated in the balance sheet

8 DEBTORS

	2013 £000	2012 £000
Trade debtors	30,946	29,175
Amounts owed by group undertakings	22,114	9,796
Deferred tax asset	23,875	24,796
Other debtors	295	8,727
Prepayments and accrued income	3,253	2,353
	80,483	74,847

Amounts owed by group undertakings are unsecured, interest free and payable on demand. The maximum credit risk exposure is the carrying amount of the amounts owed by fellow subsidiaries. No allowance for bad debts has been made as all amounts owed by fellow subsidiaries are expected to be fully recoverable. However, a provision for doubtful debts of £866,000 (2012: £946,000) has been made against the trade debtors at year end.

8 DEBTORS (CONTINUED)

Deferred tax assets have been recognised during the year as follows:

	2013 £000	2012 £000
Accelerated capital allowances	23,390	23,310
Short term timing differences	485	1,486
Deferred tax asset	23,875	24,796

Deferred tax movement in the year:

Balance as at 1 January	24,796	17,835
Profit and loss movement (See Note 5)	(921)	6,961
Balance as at 31 December	23,875	24,796

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £000	2012 £000
Trade creditors	24,687	19,505
Amounts due to fellow group subsidiary undertakings	61,806	121,112
Bank and other loans	148,634	93,600
Taxation and social security	5,526	1,527
Accruals and deferred income	25,203	27,260
	265,856	263,004

Within amounts owed to group undertakings, £46,622,000 (2012 £113,092,000) is an unsecured intercompany loan. Inter-company loans are fixed rate with a weighted average cost for amounts owed by fellow subsidiaries at 31st December 2013 of 5.92% (2012: 6.65%). There were no floating rate inter-company loans. The remaining balance of £15,184,000 (2012 £8,020,000) with other group undertakings is unsecured, interest free and payable on demand.

Banks and other loans encompass secured loans carrying an average interest rate of 3.71% (2012: 3.74%) and are payable on demand.

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £000	2012 £000
Accruals and deferred income:		
Within 2 years	203	203
In more than 2 years, but less than 5 years	140	242
	343	445

11 PROVISIONS FOR LIABILITIES AND CHARGES

	Insurance Reserves £000	Other Trading £000	Total £000
At 1 January 2013	2,411	6,114	8,525
Charged in the year	5,029	194	2,229
Utilised in the year	(2,994)	(800)	(800)
At 31 December 2013	4,446	5,508	9,954

Insurance Reserves represent provisions for losses under third party liabilities or claims. Due to the timescales and uncertainties involved in such claims, provision is made upon the profile of claims experience, allowing for potential claims for a number of years after policy inception.

Other trading provisions primarily comprise of dilapidation and onerous lease provisions to cover the costs of remediation of certain properties held under operating leases, the ultimate expenditure of which is expected to be coterminous with the underlying remaining lease periods. The onerous lease expires in 2014, with dilapidation provisions running to 2035.

12 CALLED UP SHARE CAPITAL

	2013		2012	
	Number	£000	Number	£000
Allotted and fully paid share capital	63,650,000	63,650	63,650,000	63,650
At 31 December	63,650,000	63,650	63,650,000	63,650

13 RESERVES

	Share Premium £000	Profit & Loss account (Deficit) £000	Total £000
As at 1 January 2013	39,683	(92,742)	(53,059)
Loss for the year	-	(13,841)	(13,841)
As at 31 December 2013	39,683	(106,583)	(66,900)

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2013 £000	2012 £000
Opening equity shareholder's funds	10,591	(12,271)
Issue of shares	-	45,000
Loss for the year	(13,841)	(22,138)
Total shareholder's funds/(deficit)	(3,250)	10,591

15 PENSION COSTS

The Company is one of the participating companies of the Avis UK Pension Plan (the Plan), to which other UK subsidiary companies of the Avis Budget EMEA Limited group are also associated.

The previous full defined benefit scheme (the 'Final Salary' section) in the UK was closed to new joiners in 2003 and existing members in 2007. The 'Retirement Capital Plan' (RCP) section was introduced in 2003 and closed to new members in 2011, at which time existing members joined a new 'Defined Contribution' (DC) section of the Plan for future service. All new joiners from July 2011 are eligible to join the DC section. The participating companies of the Plan retain investment and inflation risk, as well as longevity risk in the Final Salary Section of the plan. Assets for the Final Salary and RCP sections are pooled and the investment strategy is set by the Plan Trustees following consultation with the Employer. The three sections above form part of the Avis UK Pension Plan.

There is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual participating entities. Accordingly, in accordance with FRS17, Retirement Benefits, the Company accounts for the scheme as if it were a defined contribution scheme. Any contributions made by the Company are based on pension costs across the members of the participating companies of the Plan as a whole. During 2013, a charge of £2,982,000 (2012: £3,919,000) has been recorded in the Company's profit and loss account, reflecting contributions to the Defined Contribution section, and additional deficit funding of the Final Salary and Retirement Capital Plan section.

An actuarial valuation was prepared as at 31 March 2011 and it was agreed with the Trustee that deficit payments of £2,453,000 became payable each 1 July and 1 January commencing 1 July 2012 and ending 1 January 2017. Starting in April 2013, an additional conditional contribution would have become payable depending on the level of profit for the Avis Budget EMEA Limited group for the twelve months ending the preceding 31 December, with the last conditional payment being in April 2016 (based on 2015 profit). The company profitability for 2013 was above the required threshold, therefore an additional contribution is payable in April 2014.

As the Final Salary and the RCP Sections of the Plan are closed to future service, the Employer does not make normal contributions in respect of those Sections. From July 2011 Company contributions to the DC plan depend on member choices. The contribution levels are Tier 1: employee 3%, Company 6%; Tier 2: employee 4%, Company 8%. For former Final Salary and RCP members who transferred to the DC Plan in July 2011, the Company pays an additional 1% for 3 years and there is an additional Tier 3: employee 5%, Company 10% for the first 5 years. In the Automatic-Enrolment tier the employee and employer contributions are 1%. From October 2017 these contributions increase to 3% employee, 2% Company and from October 2018 to 5% employee, 3% Company.

Further details of the scheme as at 31 December are shown below. The valuations are based on the 2008 actuarial valuation of the Plan, updated by the scheme actuaries to assess the liabilities of the scheme and the market value of the scheme assets at each of the balance sheet dates.

15 PENSION COSTS (continued)

a) Assumptions

	2013	2012
Valuation method	Projected Unit	Projected Unit
Inflation rate*	2.45%	2.20%
Discount rate	4.40%	4.50%
Expected rate of salary increases	4.20%	4.00%
Rate of pension increases in payment	2.10%	2.00%
Rate of pension increases in deferment	2.20%	2.20%
Long term rate of return:		
- Equities	7.10%	7.30%
- Bonds	3.42%	2.70%
- Other	5.73%	4.90%

*The inflation rate assumption was set with reference to the Consumer Prices Index.

The key demographic assumption is longevity. By its very nature, longevity can be difficult to predict. Assumptions regarding future longevity experience are set based on advice from actuaries, published statistics and experience in each territory. The current rates of mortality for all members in receipt of a pension are assumed to follow 100% of the S1 Self-Administered Pension Schemes Amounts table for all retires issued by the Continuous Mortality Investigation (CMI) adjusted to the measurement date in line with the 2010 CMI Core Projections Model with a long term improvement rate of 1.25%. This compares to the previous treatment in which the post-retirement mortality assumption reflected the "00" series tables along with certain improvements which made allowances for increases in longevity projections. The longevity assumption in the scheme applied a post retirement life expectancy for a member aged 65 in 2013 of 23 years (2012: 23 years) for males, and 25 years (2012: 25 years) for females.

15 PENSION COSTS (continued)

b) Components of defined benefit cost under FRS17

	2013	2012
	£000	£000
Current service cost	120	100
Interest on pension scheme liabilities	7,560	7,500
Expected return on pension scheme assets	(7,960)	(7,300)
Other finance cost	(400)	200
Actual return less expected return on pension scheme assets	(7,210)	(6,100)
Experience (gain)/ loss arising on the scheme liabilities	(250)	(200)
Changes in assumptions underlying the present value of the scheme liabilities	8,450	5,700
Actuarial loss/ (gain)	990	(600)

c) Net deficit in the scheme

	2013	2012
	£000	£000
Equities	72,147	64,876
Bonds	73,852	69,037
Other	24,561	20,187
Total market value of assets	170,560	154,100
Actuarial value of scheme liabilities	(182,460)	(170,600)
Net deficit in the scheme	(11,900)	(16,500)

As the Company accounts for the scheme as a defined contribution scheme, no reconciliation of the above overall scheme deficit to the Company balance sheet is provided.

15 PENSION COSTS (continued)

d) Analysis of movement in deficit in the scheme during the year

	2013	2012
	£000	£000
Deficit in the scheme at 1 January	(16,500)	(19,600)
Contributions paid	5,310	2,800
Current service cost	(120)	(100)
Other finance cost	400	(200)
Actuarial (loss)/gain	(990)	600
Deficit in the scheme at 31 December	(11,900)	(16,500)

e) History of experience gains and losses

	2013	2012	2011	2010	2009
	£000	£000	£000	£000	£000
Actual return less expected return on pension scheme assets	7,210	6,100	(300)	6,500	9,900
% of scheme assets	4.2%	4.0%	0.2%	4.8%	9.5%
Experience gain/(loss) arising on the scheme liabilities	250	200	(3,600)	300	2,600
% of scheme liabilities	0.1%	0.1%	2.2%	0.2%	1.7%
Actuarial gain/(loss)	(990)	600	(4,000)	9,500	(16,300)
% of scheme liabilities	0.5%	0.4%	2.5%	6.2%	10.9%

16 CAPITAL COMMITMENTS

At 31 December 2013 the Company had capital commitments contracted for but not provided amounting to £148,633,701 (2012: £93,598,000).

17 FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	2013 Land and Buildings £000	Other £000	2012 Land and Buildings £000	Other £000
Operating leases which expire:				
Within one year	2,362	1,982	2,124	344
Between one and five years	2,765	-	1,576	-
After more than five years	218	-	809	-
	5,345	1,982	4,509	344

18 CONTINGENT LIABILITIES

The Company has entered into a cross-guarantee arrangement with its bankers, under which the Company's funds may be used to offset the liabilities of other Group undertakings. As at 31st December 2013, the liabilities of the relevant other Group undertakings amounted, in aggregate, to £914,000 (2012: nil)

The Directors are of the opinion that these arrangements will not have a material impact on the Results and financial position of the Company.

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is a subsidiary undertaking of Avis Europe Overseas 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 Company's ultimate holding company and the smallest and largest parent undertaking to consolidate the Financial Statements of the company is Avis Budget Group, Inc. which 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.

20. 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.