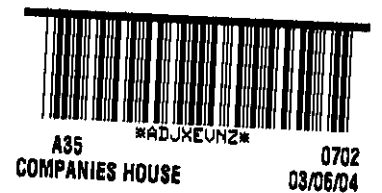


Vanguard Rental Limited
(formerly ANC Rental Corporation Limited)
Report and Financial Statements

31 December 2003

Registered number: 2779999



Vanguard Rental Limited (formerly ANC Rental Corporation Limited)

Registered No: 2779999

Directors

I Wardle

J S Leigh

Secretary

Jane M Colton

Auditors

PricewaterhouseCoopers LLP

19 Cornwall Court

Cornwall Street

Birmingham

B3 2DT

Registered office

James House

55 Welford Road

Leicester

LE2 7AR

Directors' report

The directors present their report and financial statements for the year ended 31 December 2003.

Results and dividends

The profit after tax for the year amounted to £4,421,000. The directors do not recommend the payment of any dividends.

Change of name

The company changed its name to Vanguard Rental Limited with effect from 17 December 2003.

Principal activities and review of the business

The principal activity of the company continues to be that of an intermediate holding company, providing management services for its subsidiaries, whose principal operations are in short term vehicle rental.

The company has continued to provide management services to its subsidiaries throughout the year. This trading activity will be continued for the foreseeable future and the directors will consider other opportunities as they present themselves.

On 14 October 2003 certain assets formerly owned by ANC Rental Corporation, (the Company's former holding company) were purchased by Worldwide Excellerated Leasing Limited. These assets included the shares of Vanguard Rental (Holdings) Limited being the Company's UK parent immediately prior to the transaction.

Directors

The directors who served the company during the year were as follows:

I Wardle
J S Leigh

There are no directors' interests requiring disclosure under the Companies Act 1985.

No directors held any beneficial interest in shares or debenture of the company, its fellow subsidiary undertakings or parent company at 31 December 2003 or at 31 December 2002.

Creditor payment policy and practice

It is the company's policy, in respect of the majority of suppliers, to agree the terms of payment with those suppliers when finalising overall contract terms. The company seeks to comply with the agreed payment terms whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed contracted terms and conditions.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Directors' report

Auditors

Ernst & Young LLP resigned as auditors on 19 January 2004. PricewaterhouseCoopers LLP were appointed by the directors. A resolution to formally reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



Jane M Colton
Secretary

26 May 2004

Independent auditors' report

to the members of Vanguard Rental Limited (formerly ANC Rental Corporation Limited)

We have audited the company's financial statements which comprise the Profit and Loss Account, the Balance Sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

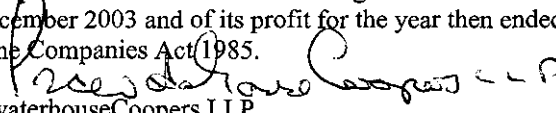
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

26 May 2004

Profit and loss account

for the year ended 31 December 2003

	Notes	2003 £000	2002 £000 Restated (note 1)
Management income		1,171	1,192
Administrative expenses		(715)	(2,040)
Operating profit / (loss)	2	456	(848)
Income from shares in group undertakings		5,800	-
Interest payable and similar charges	5	(1)	-
Profit / (Loss) on ordinary activities before taxation		6,255	(848)
Tax on profit / (loss) on ordinary activities	6	(1,834)	(384)
Profit / (Loss) on ordinary activities after taxation		4,421	(1,232)
Dividends:			
Ordinary dividends on equity shares	8	-	(1,700)
Retained Profit / (Loss) for the financial year		4,421	(2,932)

All the above results are derived from continuing operations.

The company has no recognised gains and losses other than those reflected in the profit and loss account and there is no difference between the above results and those reported on an unmodified historical cost basis.

A reconciliation of the movement in equity shareholders' funds is shown in note 16 to the financial statements.

Balance sheet

at 31 December 2003

	Notes	2003 £000	2002 £000
Investments	7	66,842	66,842
Current assets			
Debtors due within one year	9	15,998	10,650
Debtors due after one year	9	30,000	30,000
Creditors: amounts falling due within one year	10	(1,077)	(150)
Net current assets		44,921	40,500
		111,763	107,342
Creditors: amounts falling due after more than one year	11	(30,000)	(30,000)
Net Assets		81,763	77,342
Capital and reserves			
Called up share capital	15	32,462	32,462
Share premium account	16	33,686	33,686
Profit and loss account	16	15,615	11,194
Equity shareholders' funds	16	81,763	77,342

The financial statements on pages 5 to 13 were approved by the board of directors and signed on its behalf by:

I Wardle Director

J S Leigh Director

26 May 2004

The accompanying notes are an integral part of this balance sheet.

Notes to the financial statements

at 31 December 2003

1 Accounting Policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

The UK directors have reviewed the financial position, current trading, forecasts and available borrowing facilities of the UK group (both in respect of overdraft and vehicle financing facilities), and have concluded that the application of the going concern assumption remains appropriate in preparing these accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Management income

Management income represents amounts charged to group undertakings, excluding value added tax. In the accounts for the year ended 31 December 2002, this was disclosed net of costs incurred of £1,057,000. Such costs are now presented within administrative expenses and the prior year comparatives have been restated accordingly.

Investments

Fixed asset investments in subsidiary undertakings are shown at cost less provisions for impairment.

Taxation

Corporation tax payable is provided on taxable profits at the current rate. Where possible, the company will take advantage of group relief provisions to offset taxable profits against taxable losses arising in other group undertakings in the period. No payment is made in respect of the surrender of such losses or for the surrender of ACT.

Deferred taxation

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 have occurred at that date which will result in an obligation to pay more, or a right to pay less tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 December 2003

1 Accounting policies (continued)

Pension costs

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either accruals or prepayments in the balance sheet.

Exemption from preparing group financial statements

Consolidated financial statements have not been prepared as the company has taken advantage of the exemption provided in Section 228 of the Companies Act 1985, as the company is a wholly owned subsidiary of a parent incorporated within the European Community.

2. Operating profit

This is stated after charging:

	2003 £000	2002 £000
Auditors' remuneration - audit services	5	5
- non-audit services	-	-
	<u>5</u>	<u>5</u>

3. Staff costs

	2003 £000	2002 £000
Wages and salaries	392	427
Social security costs	42	48
Staff pension contributions	105	61
	<u>539</u>	<u>536</u>

The monthly average number of employees during the year was as follows:

	2003 No.	2002 No.
Employees (including executive directors)	<u>5</u>	<u>5</u>

4. Directors' emoluments

	2003 £000	2002 £000
Emoluments	<u>252</u>	<u>235</u>

The emoluments of the directors are paid by other undertakings within the group. The amount of the directors' emoluments shown above are in respect of their services to the company having been recharged to the company.

Notes to the financial statements

at 31 December 2003

5. Interest payable and similar charges

	2003 £000	2002 £000
Other interest payable	(1)	—
	<u>(1)</u>	<u>—</u>

6. Tax

(a) Tax on loss on ordinary activities

The tax (credit)/charge is made up as follows:

	2003 £000	2002 £000
<i>Current tax:</i>		
Corporation tax (note 6(b))	338	—
Deferred tax (note 10)	810	(743)
Advance corporation tax	676	896
Adjustments in respect of prior years	—	—
Corporation tax	—	(315)
Advance corporation tax	10	546
Total current tax	<u>1,834</u>	<u>384</u>

(b) Factors affecting current tax charge in period

The differences are reconciled below:

	2003 £000	2002 £000
Profit / (Loss) on ordinary activities before tax	<u>6,254</u>	<u>(848)</u>
Profit / (Loss) on ordinary activities before tax @30%	1,877	(254)
Effect of expenses not deducted for tax purposes	59	235
Effect of non taxable income	(112)	(17)
Effect of utilisation of group relieved tax losses	—	(707)
Difference in timing of taxation of foreign earnings	(810)	743
Utilisation of ACT brought forward	(676)	—
Total current tax (note 6(a))	<u>338</u>	<u>—</u>

Notes to the financial statements

at 31 December 2003

7. Fixed asset investments

*Subsidiary
Undertakings
£000*

Cost and net book value:

At 1 January 2003 and 31 December 2003

66,842

In the opinion of the directors, the value of these investments is not less than the value recorded in the financial statements.

Investments in subsidiary undertakings comprise:

	Country of incorporation (if not England & Wales)	Principal activity	Holding	%
*Vanguard Rental (Properties) Limited		Property holding company	30,000,100 £1 ordinary shares	100
*Vanguard Rental Insurances (Guernsey) Limited	Guernsey	Insurance and reinsurance	250,000 £1 ordinary shares	100
Vanguard Rental (UK) Limited		Vehicle rental	30,001,000 £1 ordinary shares	100
Vanguard Rental (German Holdings) GmbH	Germany	Holding company	2 shares of 1,000 & 24,000 Euros each	100
Vanguard Rental GmbH	Germany	Holding company	2 shares of 1,000 & 24,000 Euros each	100
Vanguard Rental Autovermietung GmbH & Co KG	German partnership	Vehicle rental	1 share of 1,000 Euros	100
*Vanguard Rental (Holland) B.V.	Holland	Dormant	4,002 NLG 10 ordinary shares	100
Vanguard Rental (Franchising) Limited		Franchising of vehicle rental systems	8,000 £1 ordinary shares	100
*Provincial Assessors Limited		Accident damage assessment	2 £1 ordinary shares	100
Provincial Securities Limited		Dormant	4 £1 ordinary shares	100
*Diplema 272 Limited		Dormant	2 £1 ordinary shares	100
*Diplema 274 Limited		Dormant	2 £1 ordinary shares	100
*Vanguard Rental Pension Scheme Trustees Limited		Trustee for Vanguard Rental Pension Scheme	2 £1 ordinary shares	100

*denotes directly held by the company.

Notes to the financial statements

at 31 December 2003

8. Dividends

	2003 £000	2002 £000
Equity dividends on ordinary shares:		
Interim paid	—	1,700

9. Debtors

	2003 £000	2002 £000
Amounts owed by group undertakings	45,900	39,802
Corporation tax	—	64
Advance corporation tax recoverable	98	784
	<u>45,998</u>	<u>40,650</u>

Amounts falling due after more than one year included above are:

	2003 £000	2002 £000
Amounts owed by group undertakings	<u>30,000</u>	<u>30,000</u>

10. Creditors: amounts falling due within one year

	2003 £000	2002 £000
Amounts owed to group undertakings	130	125
Corporation tax	132	20
Deferred tax	810	—
Accruals and deferred income	5	5
	<u>1,077</u>	<u>150</u>

Deferred tax comprises:

Unremitted earnings	<u>810</u>	<u>—</u>
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11. Creditors: amounts falling due after more than one year

	2003 £000	2002 £000
Amounts owed to group undertakings	<u>30,000</u>	<u>30,000</u>

12. Provisions for liabilities and charges

	2003 £000	2002 £000
Provision at 1 January	—	743
Deferred tax charge in Profit and Loss Account	810	(743)
Provision at 31 December	<u>810</u>	<u>—</u>

Notes to the financial statements

at 31 December 2003

13. Contingent liability

The company, along with certain other UK group undertakings, has entered into cross guarantees in respect of the £20 million overdraft facility which was renewed during the year. The amount outstanding on the facility at year end was £12,375,000.

The directors are of the opinion that these arrangements will not have a material impact on the results or position of the company.

14. Related party transactions

The company has taken advantage of the exemption offered under Financial Reporting Standard No.8 not to disclose related party transactions within a group whose consolidated financial statements are available to the public. There are no other related party transactions requiring disclosure in the period.

15. Share capital

		2003		Authorised 2002
	No.	£000	No.	£000
Ordinary shares of £0.05 each	672,000,000	<u>33,600</u>	672,000,000	<u>33,600</u>
				Allotted, called up & fully paid
		2003		2002
	No.	£000	No.	£000
Ordinary shares of £0.05 each	649,238,158	<u>32,462</u>	649,238,158	<u>32,462</u>

16. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Share premium account £000	Profit and loss account £000	Total share- holders' funds £000
At 1 January 2002	32,462	33,686	14,126	80,274
Loss for the year	—	—	(2,932)	(2,932)
At 31 December 2002	<u>32,462</u>	<u>33,686</u>	<u>11,194</u>	<u>77,342</u>
Profit for the year	—	—	4,421	4,421
At 31 December 2003	<u>32,462</u>	<u>33,686</u>	<u>15,615</u>	<u>81,763</u>

Notes to the financial statements

at 31 December 2003

17. Pension scheme

The company is a participating employer of a funded defined benefit pension scheme established by Vanguard Rental (Holdings) Limited known as the Vanguard Rental Pension Scheme.

Information on the Vanguard Rental Pension scheme is contained in the Vanguard Rental (Holdings) Limited financial statements for the year ended 31 December 2003.

Additional disclosures regarding the group defined benefit pension scheme are required under the transitional provisions of "FRS 17 Retirement benefits". In accordance with FRS 17, the company will account for its contributions to the scheme as if it were a defined contribution scheme because it is not possible to identify the company's share of the assets and liabilities in the scheme on a consistent and reasonable basis. The latest actuarial valuation of the scheme, prepared for the purposes of making the transitional disclosures in accordance with FRS 17 in the consolidated financial statements of the parent undertaking, Vanguard Rental (Holdings) Limited, shows a deficit of £ 1,717,000 (2002 - deficit of £2,916,000). Further details of this valuation can be found in the financial statements of the parent undertaking, Vanguard Car Rental (Holdings) Limited.

18. Ultimate parent company

The company's ultimate parent company and controlling party is Worldwide Excellerated Leasing Limited, a company registered in Bermuda.

The largest group into which the company's results are consolidated is Worldwide Excellerated Leasing Limited. The smallest group into which the company's results are consolidated is Vanguard Car Rental (Holdings) Limited.

Copies of the financial statements of Vanguard Car Rental (Holdings) Limited for the period ended 31 December 2003 are available from The Secretary, Vanguard Car Rental (Holdings) Limited, James House, 55 Welford Road, Leicester, LE2 7AR.