

Company Registration No. 02942541

United Kenning Rental Group Limited

Annual report and financial statements

For the year ended 31 December 2020



United Kenning Rental Group Limited

Annual report and financial statements For the year ended 31 December 2020

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United Kenning Rental Group Limited

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Officers and professional advisers

Directors

I W Lawrence
P I Voegerl
T Vettors

Company secretary

I W Lawrence

Registered office

Sixt House
5 Waterside Drive
Langley
Slough
SL3 6EY
United Kingdom

Independent auditor

MHA MacIntyre Hudson
6th Floor, 2 London Wall Place
London
EC2Y 5AU
England

United Kenning Rental Group Limited

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Strategic report

The directors submit their annual report together with the audited financial statements of United Kenning Rental Group Limited for the year ended 31 December 2020.

Principal activity and review of the business

The principal activity of the company remains the holding of investments in vehicle rental companies. The principal investments are Sixt Rent a Car Limited and United Rental Group Limited.

The company is a holding company, and as such it does not have any individual key performance indicators (KPIs) that are monitored. There will be a number of KPIs for the companies held as investments, and these are included within their individual financial statements. These investments are listed in note 7.

Principal risks and uncertainties

The company's investments are also exposed to different risks which are included within their individual financial statements. These investments are listed in note 7.

The company's principal financial instruments other than its investments held in subsidiaries comprise bank balances and intercompany funding. The main purpose of these instruments is to ensure continued funding for its fixed asset investments. Due to the nature of the financial instruments used by the company there is little exposure to price risk.

Section 172 Statement

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the company are appropriately informed by s172 factors.

The company is a subsidiary and business unit of the SIXT SE Group in Germany. The governance framework delegates authority for local decision-making at business unit level up to defined levels of cost and impact which allow the individual businesses to take account of the needs of their own stakeholders in the decision-making process. The culture, value and standards that underpin this delegation ensure that when decisions are made the wider impact has been considered.

Details of the business unit key stakeholders and how we engage with them are set out below.

Shareholders

From the perspective of the Board of Directors, as a result of the group governance the parent, SIXT SE has taken the lead in regard to assuring the strategy, performance and key decisions take into account stakeholder interests in decision-making. The Parent is well informed about the views of stakeholders through the regular communication on stakeholder views and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process. The principal decisions of the business unit are described in the SIXT SE strategic report.

Customers and suppliers

The strength of our relationships with both the manufacturers and our licensees is critical to delivering the company's strategy. Consequently, a key focus for the Board is to ensure regular dialogue throughout the year with both stakeholder groups, with the company continually seeking to differentiate the quality of value-added service to our licensees and retaining strong relationships with the OEMs, ensuring availability of supply and range of product for our customers.

Government and regulators

Key areas of focus are compliance with laws and regulations and health and safety. The Board of Directors is updated on legal and regulatory developments and takes these into account when considering future actions.

United Kenning Rental Group Limited

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Strategic report

Employees

Our employees are fundamental to the delivery of our long-term plan. All new employees are required to adhere to the company's business code of conduct which establishes how all employees of the company should engage with stakeholders. The health, safety, and well-being of our employees is one of our primary considerations in the way we do business. We aim to recruit and develop local people and be a responsible employer in our approach to the pay and benefits our employees receive. We also work with our employees to support local causes and issues.

The company's leadership team hold regular business briefings to update employees on the operations, strategy of the business and to answer questions about the business.

Environment

We acknowledge the importance of operating in an environmentally responsible way. Consequently, as a Board, we continually look at the broader issues of climate change affecting the automotive industry together with both the manufacturers and our licensees. This particular segment continues to see significant focus and change in areas including electric vehicles, vehicle ownership and emissions targets.

Future developments and events after the reporting period

The spread of COVID-19 is having a significant impact on the tourism and mobility sector worldwide and thus also on the demand for the mobility services of the company's underlying subsidiaries. At the start of 2021, the Directors of the underlying subsidiaries expected in spite of the pursuit of the COVID-19 pandemic a growth of the revenue in comparison with the year 2020, based on the assumption that the COVID-19 pandemic will not spread even more severely this year and the current significant regulatory restrictions, in particular contact and travel restrictions will be eased over the next months.

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



I W Lawrence

Director

28th May 2021

United Kenning Rental Group Limited

Annual report and financial statements For the year ended 31 December 2020

Directors' report

The directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 31 December 2020. Details of the company's principal activities, KPI's, principal risks and uncertainties, future developments and subsequent events can be found on page 2 and form part of this report by cross reference.

Results and dividends

The results of the company for the year ended 31 December 2020 are set out in the statement of comprehensive income on page 8. The company has a strong financial position with net assets of £35.2m (2019: £35.2m), the directors do not recommend payment of a dividend (2019: nil).

Directors

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

I W Lawrence

P I Voegerl

J Adams (resigned 14 September 2020)

T Vettors (appointed 14 September 2020)

Director's indemnities

The company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Going concern

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

At the start of 2021, the world economy's development continued to be riddled by a high level of uncertainty given the ongoing COVID-19 pandemic and its associated lockdowns and travel restrictions in many countries and thus also on the demand for the mobility services of the company's underlying subsidiaries. Nevertheless, the International Monetary Fund (IMF) considers the start of the vaccination campaigns in a number of industrial and emerging markets to be a positive signal for economic developments. In addition, the IMF expects to see further economic support measures implemented by many states, as already happened at the beginning of the pandemic. Consequently, in January 2021 the IMF expected the world economy to grow in 2021 by 5.5% compared with the previous year. In the United Kingdom growth is set to be 4.5% according to the IMF. This IMF forecast is, however, subject to various reservations. The IMF itself made its projections contingent on the second and third infection's waves being stopped, and the rates of contamination coming down substantially. According to the IMF other influencing factors that are presently difficult to foresee, are the speed and scope of vaccination measures as well as the spread of COVID-19 mutations.

Keeping in mind the economic forecasts for 2021, the underlying subsidiaries expect economic conditions for mobility services to improve compared with the previous year. However, this expectation is subject to a high level of uncertainty. At the time of preparing this management report, the UK government plans to bring England out of lockdown through four stages and hopes to abolish all legal limits on mixing and to reopen the last sectors to remain closed on 21 June 2021. Furthermore, almost 60% of the people aged 18 and over have received a first COVID-19 vaccination dose. For international travel, it is not clearly foreseeable when the substantial restrictions that apply, would be eased and/or lifted again. This would be a prerequisite for national and international private business travel picking up speed again, and for tourism to become possible on a large scale once more.

The company's underlying subsidiaries will continue to adopt a comprehensive package of measures to save cost and respond to operational disruption. In particular, the vehicle fleet has been reduced significantly in the short term and locations have been closed and opened in response to the situation locally. In addition, planned investments have been being postponed and personnel and other operating costs are to be saved to a considerable extent.

United Kenning Rental Group Limited

Annual report and financial statements For the year ended 31 December 2020

Directors' report

Due to the substantial uncertainties a reliable outlook for the further development in 2021 is currently impossible. The underlying trading companies are currently financed by way of an intercompany loan from its parent company – Sixt SE - in Germany. The directors expect that this funding will continue to be available for at least 12 months from the date of signing the financial statements. Impairment testing of subsidiary investments is performed yearly which resulted in no impairment for 2020.

The directors have received confirmation from the ultimate parent company, Sixt SE that they will make available, if necessary, the financial support necessary to enable the company to meet its obligations and continue its business as usual. The directors have also made enquiries to satisfy themselves that Sixt SE has the financial capacity to provide such support and that such support shall be valid for a period of at least one year after the date of the signing of the 2020 financial statements.

On this basis the directors have continued to prepare the financial statements on the basis that the company is a going concern.

Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The directors appointed MHA MacIntyre Hudson as auditors in the year. MHA MacIntyre Hudson have offered themselves for re-election.

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



I W Lawrence

Director

28th May 2021

United Kenning Rental Group Limited

Annual report and financial statements For the year ended 31 December 2020

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the 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), including FRS 101 "Reduced Disclosure Framework". 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 these financial statements, the directors are required to:

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

United Kenning Rental Group Limited

Independent auditor's report to the Members of United Kenning Rental Group Limited

Opinion

We have audited the financial statements of United Kenning Rental Group Limited Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included critical review of the company's financial position, performance of subsidiary investments and review of financial support available to subsidiaries.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

United Kenning Rental Group Limited

Independent auditor's report to the Members of United Kenning Rental Group Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

United Kenning Rental Group Limited

Independent auditor's report to the Members of United Kenning Rental Group Limited

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance and management;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

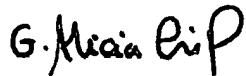
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

United Kenning Rental Group Limited

Independent auditor's report to the Members of United Kenning Rental Group Limited

Use of our report

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 Auditors' 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.



Georgette Alicia Crisp BSc (Hons) FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants and Statutory Auditors

6th Floor

2 London Wall Place

London

EC2Y 5AU

Date: 1/6/2021

:

United Kenning Rental Group Limited

Statement of comprehensive income For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Administrative expenses		<u>(61)</u>	<u>(25)</u>
Operating profit / (loss)	4	(61)	(25)
Interest receivable and similar income	5	<u>22</u>	<u>50</u>
Profit / (Loss) before taxation		<u>(39)</u>	<u>25</u>
Tax on profit / (loss)	6	<u>-</u>	<u>30</u>
Profit / (Loss) after taxation		(39)	55
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income / (loss)		<u><u>(39)</u></u>	<u><u>55</u></u>

The accompanying notes on pages 14 - 21 are an integral part of the statement of comprehensive income.
All results are from continuing operations.

United Kenning Rental Group Limited

Balance sheet As at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments	7	<u>25,786</u>	<u>25,786</u>
		25,786	25,786
Current assets			
Debtors	8	9,417	10,197
Cash at bank and in hand		<u>23</u>	<u>27</u>
		9,440	10,224
Creditors: amounts falling due within one year	9	<u>(74)</u>	<u>(820)</u>
Net current assets		<u>9,366</u>	<u>9,404</u>
Total assets less current liabilities		35,152	35,190
Net assets		<u>35,152</u>	<u>35,190</u>
Capital and reserves			
Called up share capital	10	1,298	1,298
Capital redemption reserve	10	184	184
Share premium account	10	32,729	32,729
Profit and loss account	10	<u>941</u>	<u>979</u>
Shareholders' funds		<u>35,152</u>	<u>35,190</u>

The accompanying notes on pages 14 - 21 are an integral part of this balance sheet.

These financial statements of United Kenning Rental Group Limited, company number 02942541 were approved by the Board of Directors and authorised for issue.

Signed on behalf of the Board of Directors.



I W Lawrence
Director

United Kenning Rental Group Limited

Statement of changes in equity For the year ended 31 December 2020

	Called up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2019	1,298	184	32,729	924	35,135
Profit for the financial year and total comprehensive income	-	-	-	55	55
At 31 December 2019	1,298	184	32,729	979	35,190
Loss for the financial year and total comprehensive loss	-	-	-	(39)	(39)
At 31 December 2020	1,298	184	32,729	941	35,151

The accompanying notes on pages 14 - 21 are an integral part of this statement of changes in equity

United Kenning Rental Group Limited

Notes to the financial statements For the year ended 31 December 2020

1. Accounting policies

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

Accounting convention

United Kenning Rental Group Limited (the company) is a private company limited by shares registered in England and Wales, United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report and directors' report on pages 2 to 5.

These financial statements are presented in pounds sterling which is the functional currency of the primary economic environment in which the company operates, rounded to the nearest £1,000.

The company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, presentation of a cash-flow statement, the impact of new standards not yet adopted, impairment of assets, key management personnel remuneration and related party transactions entered between two or more members of a group.

Specific exemption used are as follows:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m),
- B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where relevant, equivalent disclosures have been given in the group financial statements of the ultimate parent, Sixt SE. The group financial statements of Sixt SE are available to the public and can be obtained as set out in note 11.

The financial statements have been prepared on the historical cost basis.

Going concern

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

At the start of 2021, the world economy's development continued to be riddled by a high level of uncertainty given the ongoing COVID-19 pandemic and its associated lockdowns and travel restrictions in many countries and thus also on the demand for the mobility services of the company's underlying subsidiaries. Nevertheless, the International Monetary Fund (IMF) considers the start of the vaccination campaigns in a number of industrial and emerging markets to be a positive signal for economic developments. In addition, the IMF expects to see further economic support measures implemented by many states, as already happened at the beginning of the pandemic. Consequently, in January 2021 the IMF expected the world economy to grow in 2021 by 5.5% compared with the previous year. In the United Kingdom growth is set to be 4.5% according to the IMF. This IMF forecast is, however, subject to various reservations. The IMF itself made its projections contingent on the second and third infection waves being stopped, and the rates of contamination coming down substantially. According to the IMF other influencing factors that are presently difficult to foresee, are the speed and scope of vaccination measures as well as the spread of COVID-19 mutations.

United Kenning Rental Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

1. Accounting policies (continued)

Going concern (continued)

Keeping in mind the economic forecasts for 2021, the underlying subsidiaries expect economic conditions for mobility services to improve compared with the previous year. However, this expectation is subject to a high level of uncertainty. At the time of preparing this management report, the UK government plans to bring England out of lockdown through four stages and hopes to abolish all legal limits on mixing and to reopen the last sectors to remain closed on 21 June 2021. Furthermore, almost 60% of the people aged 18 and over have received a first COVID-19 vaccination dose. For international travel, it is not clearly foreseeable when the substantial restrictions that apply, would be eased and/or lifted again. This would be a prerequisite for national and international private business travel picking up speed again, and for tourism to become possible on a large scale once more.

The company's underlying subsidiaries will continue to adopt a comprehensive package of measures to save cost and respond to operational disruption. In particular, the vehicle fleet has been reduced significantly in the short term and locations have been closed and opened in response to the situation locally. In addition, planned investments have been being postponed and personnel and other operating costs are to be saved to a considerable extent.

Due to the substantial uncertainties a reliable outlook for the further development in 2021 is currently impossible. The underlying trading companies are currently financed by way of an intercompany loan from its parent company – Sixt SE - in Germany. The directors expect that this funding will continue to be available for at least 12 months from the date of signing the financial statements.

The directors have received confirmation from the ultimate parent company, Sixt SE that they will make available, if necessary, the financial support necessary to enable the company to meet its obligations and continue its business as usual. The directors have also made enquiries to satisfy themselves that Sixt SE has the financial capacity to provide such support and that such support shall be valid for a period of at least one year after the date of the signing of the 2020 financial statements.

On this basis the directors have continued to prepare the financial statements on the basis that the company is a going concern.

Basis of consolidation

Subsidiary undertakings have not been consolidated by United Kenning Rental Group Limited as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Sixt SE.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, current account balances and other short-term highly liquid investments with banks and similar institutions with maturities of three months or less from inception.

Financial instruments

Investments in subsidiaries

Investments in subsidiaries are accounted at cost less, where appropriate, provisions for impairment. The company carries out a review for the potential impairment of an investment if events or changes in circumstance indicate that the carrying amount of the investment may not be recoverable or at least annually. Any impairments are recorded in the profit or loss. No provisions for impairment have been made in 2020.

Financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

United Kenning Rental Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

1. Accounting policies (continued)

Financial assets and financial liabilities (continued)

The company applies a model for determining impairments based on expected credit losses. The impairment model applies to financial assets classified at amortised cost. United Kenning Rental Group Limited applies the simplified approach described in IFRS 9 to trade debtors, whereby an impairment allowance in the amount of expected credit losses over the lifetime of the receivable is recognised for all instruments irrespective of their credit quality.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated based on the tax rates and laws that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

United Kenning Rental Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The only key source of estimation or uncertainty identified is in relation to impairment testing of subsidiary investments. This was carried out at year end and resulted in no impairment.

Following consideration of group company loans, the directors have been deemed them recoverable and thus no credit loss recognised.

3. Directors' remuneration

The only employees of the company during the year were the directors.

The average monthly number of directors during the year was:

	2020	2019
	No.	No.
Management	3	2
	<u>3</u>	<u>2</u>

The directors received no remuneration for their services to this company in the current and preceding year. The directors are also directors of Sixt Rent a Car Limited and United Rental Group Limited and the majority of their activities relate to services carried out in relation to these companies. Therefore, the directors deem it inappropriate to directly allocate any of their costs to the profit and loss account of this company.

4. Operating profit

	2020	2019
	£'000	£'000
Operating profit is stated after charging:		
Fees payable to the company's auditor:		
for the audit of the company's financial statements	9	6

5. Interest receivable and similar income

	2020	2019
	£'000	£'000
Interest receivable from group companies	22	50
	<u>22</u>	<u>50</u>

United Kenning Rental Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

6. Tax on profit

	2020 £'000	2019 £'000
Current taxation:		
UK corporation tax	-	5
Adjustment in respect of previous years	-	(35)
Total current taxation	-	(30)
Total deferred taxation	-	-
Total tax charge	-	(30)

Losses are not being recognised as deferred tax asset. The difference between the total tax (credit) / charge shown above and the amount calculated by applying the average standard rate of UK corporation tax to the profit before tax is as follows:

	2020 £'000	2019 £'000
(Loss) / Profit before taxation	(39)	25
Profit before taxation multiply		
Average standard rate of UK corporation tax of 19% (2019:19%)	(7)	5
Effects of:		
Deferred tax asset not recognised	7	-
Adjustment in respect of prior year – current tax	-	(35)
Total tax charge	-	(30)

The rate of corporation tax in the United Kingdom had been expected to reduce from 19% to 17% from 1 April 2020 however in March 2020 it was announced that the rate would continue at 19%. In March 2021 it was announced the at UK corporation tax rates would rise to 25% from 2023. Therefore, the rate of 19% has been used to measure deferred tax assets and liabilities as at 31 December 2020.

United Kenning Rental Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

7.

Fixed asset investments

Shares in
group
undertakings
£'000

Cost and net book value

1 January 2020 and 31 December 2020

25,786

Company	Activity	Registered address	Country	% of ordinary share capital
Sixt Rent a Car Limited	Vehicle rental	Sixt House 5 Langley Quay Waterside Drive Langley Slough SL3 6EY	United Kingdom	100%
Sixt Plc	Dormant	Sixt House 5 Langley Quay Waterside Drive Langley Slough SL3 6EY	United Kingdom	100%
United Rental Group Limited	Vehicle rental	Durrant House 47 Holywell Street Chesterfield Derbyshire S41 7SJ	United Kingdom	100%
Sixt Insurance Services PCC Limited	Vehicle insurance	St Martins House Le Bordage St Peter Port Guernsey	Guernsey	100%
Europa Service Car Limited	Vehicle rental	Durrant House 47 Holywell Street Chesterfield Derbyshire S41 7SJ	United Kingdom	100%

United Kenning Rental Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

8.

Debtors

	2020	2019
	£'000	£'000
Amounts due within one year:		
Amount owed by fellow subsidiary undertakings	9,413	10,197
Corporation tax	4	-
	<u>9,417</u>	<u>10,197</u>

An interest rate of 2.74% was charged on intercompany receivables within the Sixt Group, excluding an £8.85mil balance with Sixt Insurance Services PCC Limited which is interest free. Balances are repayable on demand.

9.

Creditors

Amounts falling due within one year

	2020	2019
	£'000	£'000
Amounts owed to fellow subsidiary undertakings	59	809
Trade creditors	15	11
	<u>74</u>	<u>820</u>

The banks loans and overdrafts are secured by a guarantee given by the ultimate parent company. At 31 December 2020 there are undrawn external group facilities of £4,000,000 (2019: £4,000,000). Amounts owed to fellow subsidiary undertakings are charged at a interest rate of 2.74% and repayable on demand.

10.

Called up share capital and reserves

	2020	2019
	£'000	£'000
Allotted, called up and fully paid		
1,298,306 Ordinary shares of £1 each	<u>1,298</u>	<u>1,298</u>

The company has one class of ordinary shares which carry no right to fixed income. The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments to profits not reconciled elsewhere.

The capital redemption reserve represents the nominal value of its own shares purchased by United Kenning Rental Group Limited.

11.

Control

The immediate and ultimate parent and controlling party is Sixt SE, incorporated in Germany.

Sixt SE prepares the group financial statements; the consolidated financial statements of Sixt SE can be obtained from Sixt SE, Zugspitzstrasse 1, 82049 Pullach, Germany. This is the largest and smallest group for which financial statements are prepared which include the company.

United Kenning Rental Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

12. Post balance sheet events

No subsequent events that require adjustment or disclosures in the financial statements have occurred during the period from reporting date to the date the financial statements were authorised for issue.

The continuing impact of the Covid-19 pandemic is addressed on page 13.