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**AVIS BUDGET EMEA LIMITED**

(REGISTERED NUMBER 03311438)

DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

# **AVIS BUDGET EMEA LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 December 2012

### **Principal Activities**

The Company was formerly the parent company of the Avis Europe group, a leading vehicle rental company operating two of the main global brands, Avis and Budget, in Europe, Africa, the Middle East and Asia. Following the acquisition of the Company by Avis Budget Group, Inc. on 3 October 2011, the Company is an intermediate holding company of the Avis Budget Group, Inc. group of companies.

### **Review of the Business and Future Developments**

The Company has continued to perform as expected throughout the year. The Directors expect the Company to continue to transact business as an intermediate holding company in the coming year.

Given the straightforward nature of the business, the Directors are of the opinion that analysis using other key performance indicators is not required in order to understand the development, performance or position of the business.

### **Results and Dividends**

The Company made a profit after taxation in the year of £10.4 million (2011: £155.1 million), the higher profit in the prior year being primarily due to the partial reversal of an impairment in its investments in subsidiaries, reflecting the value paid by Avis Budget Group, Inc. for the Company and therefore its subsidiaries, offset by one-off exceptional costs recognised with respect to the acquisition by Avis Budget Group, Inc. No interim dividend has been paid on the ordinary shares during the year (2011: nil). The Directors do not recommend the payment of a final dividend on the ordinary shares (2011: nil).

### **Going Concern**

The Directors expect that the Company will continue to transact business as an intermediate holding company in the coming year. Thus they continue to adopt the going concern basis in preparing the Financial Statements. Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in Note 1 of the Financial Statements.

### **Payments to Creditors**

It is the Company's practice to agree terms of payment at the start of business with each supplier, to ensure that suppliers are aware of the terms of payment, and to pay in accordance with contractual and other legal obligations. The Company had no trade creditors at 31 December 2012 (2011: nil).

### **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 in 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 Group, Inc. group of companies, which are as disclosed in the consolidated financial statements of Avis Budget Group, Inc.

### **Directors**

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

L D De Shon  
R L Nelson  
M R Smith  
D B Wyshner

# **AVIS BUDGET EMEA LIMITED**

## **DIRECTORS' REPORT (continued)**

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing their 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). 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 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 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.

### **Statement of Disclosure of Information to Auditors**

Each of the persons who are a Director at the date of approval of this report confirms that

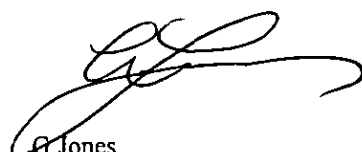
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that ought to have been taken as Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are 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.

### **Auditors**

Deloitte LLP will continue in office as permitted by Section 487 of the Companies Act 2006.

By Order of the Board



G Jones  
Company Secretary  
30 April 2013

## **Independent auditor's report to the members of Avis Budget EMEA Limited**

We have audited the Financial Statements of Avis Budget EMEA Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related Notes 1 to 17. 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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the Financial Statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



A Marks (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Reading  
30 April 2013

# AVIS BUDGET EMEA LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2012

	Notes	2012 £m	2011 £m
Administrative expenses		(9 6)	(7 5)
Other operating income		-	154 4
<b>Operating (loss) / profit</b>	2	(9 6)	146 9
Interest receivable and similar income	5	20 1	8 3
Interest payable and similar charges	5	(0 1)	(0 1)
<b>Profit on ordinary activities before taxation</b>		10 4	155 1
Tax on profit on ordinary activities	6	-	-
<b>Profit for the financial year</b>	13	10 4	155 1

The profit and loss account for the Company is entirely in respect of continuing operations. There is no difference between the profit on ordinary activities before taxation and the profit transferred to reserves for the year stated above and their historical equivalents.

In both the current and the prior year, all recognised gains and losses are included in the profit and loss account and therefore a statement of total recognised gains and losses has not been presented.

The accompanying Notes on pages 6 to 13 form an integral part of these Financial Statements.

# AVIS BUDGET EMEA LIMITED

## BALANCE SHEET

as at 31 December 2012

	Notes	2012 £m	2011 £m
<b>Fixed assets</b>			
Investments	7	356 5	356 5
<b>Current assets</b>			
Debtors	8	319 2	295 4
		<u>319 2</u>	<u>295 4</u>
<b>Creditors: amounts falling due within one year</b>			
Creditors	9	(29 7)	(16 3)
Other financial liabilities – financial guarantees	10	(0 1)	(0 1)
<b>Current liabilities</b>		<u>(29 8)</u>	<u>(16 4)</u>
<b>Net current assets</b>		289 4	279 0
		<u>289 4</u>	<u>279 0</u>
<b>Total assets less current liabilities being Net assets</b>		<u>645 9</u>	<u>635 5</u>
<b>Capital and reserves</b>			
Called-up share capital	11	20 2	20 2
Share premium account	12	294 8	294 8
Reserves	13	<u>330 9</u>	<u>320 5</u>
<b>Shareholders' funds - equity</b>	14	<u>645 9</u>	<u>635 5</u>

The Financial Statements on pages 4 to 13 were approved by the Board on 30 April 2013 and were signed on its behalf by



M R Smith  
Director  
Avis Budget EMEA Limited  
Registered No 03311438

# **AVIS BUDGET EMEA LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2012

### **1. STATEMENT OF ACCOUNTING POLICIES**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below

#### **Basis of accounting**

The Financial Statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the Companies Act 2006. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to present group financial statements as it is a wholly owned subsidiary undertaking of Avis Budget Group, Inc., a company incorporated in the United States of America, which itself prepares consolidated financial statements.

#### **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 FRS 1, Cash flow statements, and not produce a cash flow statement.

#### **Fixed asset investments**

Fixed asset investments are shown at cost less provision for any impairment where the recoverable amount is less than cost. Fixed asset investments are initially stated at cost, being their purchase cost together with any incidental expenses of acquisitions. The carrying values of fixed asset investments are reviewed at each year end if events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment of fixed asset investments is charged to the profit and loss account in the year in which it arises. The reversal of any impairment loss is recognised where the recoverable amount increases because of a change in economic circumstances or in the expected use of the investment. The amount of any reversal recognised is restricted to increasing the value of the fixed asset investment to the carrying value that would be recognised had the original impairment not occurred.

#### **Debtors**

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debt. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount is reduced through the use of an allowance account, and the amount is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off against the allowance account for trade debtors. Subsequent recoveries of amounts previously written off are credited in the Profit and Loss Account.

#### **Creditors**

Creditors are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised, 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 FRS 19, Deferred tax. A deferred tax asset is only recognised when there are expected to be suitable future taxable profits within the tax group against which to reverse the underlying timing differences.

#### **Share based payments**

The cost of options granted to employees or employees of subsidiary entities is measured by reference to the fair value at the date at which they are granted. This cost is recognised in the Income Statement over the period from grant to vesting date, being the date on which the relevant employees become fully entitled to the award, with a corresponding increase in equity. The cumulative expense recognised at each reporting date, reflects the extent to which the period to vesting has expired and the Directors' best estimate of the number of options that will ultimately vest.

# AVIS BUDGET EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2012

### 1 STATEMENT OF ACCOUNTING POLICIES (continued)

#### Financial Guarantees

Financial guarantees, other than those previously asserted by the entity to be insurance contracts, are initially recognised at their fair value and subsequently measured at the higher of (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date

#### Foreign currency

The Company's functional currency is Sterling. Foreign currency assets and liabilities are translated at the rates of exchange ruling at the year end. Transactions during the year are recorded at rates of exchange in effect when the transaction occurs. Profits and losses on exchange are dealt with in the profit and loss account.

#### Exceptional items

Exceptional items are material non-recurring items 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.

#### 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.

### 2. OPERATING (LOSS) / PROFIT

Operating (loss) / profit is stated after (charging) / crediting

	2012 £m	2011 £m
Reversal of provision against investment in subsidiaries (see Note 7)	-	154.3
Exceptional costs	(7.9)	(4.0)
Share based payments (see Note 11)	-	(4.7)
Recharge of share based payments to subsidiary undertakings	-	4.7

In the current year, exceptional items of £7.9 million relate to legal and professional fees incurred on the re-financing of the Company's investments through a new vehicle securitisation structure which was concluded in March 2013. In the prior year, exceptional transaction costs were incurred relating to the acquisition by Avis Budget Group, Inc.

### 3. DIRECTORS' REMUNERATION

The average monthly number of persons employed during the year, including Directors, was 4 (2011: 9).

The Directors' costs are paid by Avis Budget Services Limited, an indirect subsidiary undertaking, and a percentage recharged to the Company on an annual basis. The total remuneration of Directors, comprising salary or fees, taxable benefits and bonus payments for the year ended 31 December is set out below.

	2012 £m	2011 £m
Directors' emoluments		
Aggregate emoluments	1.5	11.7
Highest paid director	0.9	8.7



## AVIS BUDGET EMEA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2012

#### 3. DIRECTORS' REMUNERATION (continued)

One of the Directors has pension entitlements under the defined benefit section of the Avis UK Pension Plan at 31 December 2012. None of the Directors are accruing pensions under the Retirement Capital Plan.

At the year end, no options were outstanding under Share Option Schemes (see Note 11).

#### 4. AUDITORS' REMUNERATION

The auditors' remuneration is borne by Avis Budget Services Limited, an indirect subsidiary undertaking. The fee payable to the Company's auditors for the audit of the Company's Financial Statements for the year ended 31 December 2012 was £1,000 (2011: £4,000).

#### 5. INTEREST RECEIVABLE / (PAYABLE)

	2012 £m	2011 £m
Interest receivable on loans to group undertakings	20.1	8.3
Interest payable on loans from group undertakings	(0.1)	(0.1)
	<u>20.0</u>	<u>8.2</u>

#### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2012 £m	2011 £m
<b>Analysis of charge in year</b>		
Deferred tax		
Adjustments in respect of previous years	-	-
Tax charge on profit on ordinary activities	<u>-</u>	<u>-</u>

##### Factors affecting the current tax charge for the year

The current tax charge for the year is lower (2011: lower) than the standard rate of UK corporation tax (24.5% (2011: 26.5%)) and is explained as follows:

	2012 £m	2011 £m
Profit on ordinary activities before taxation	<u>10.4</u>	<u>155.1</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	2.5	41.1
Group relief received for nil consideration	(4.4)	(1.7)
Expenses not deductible for tax purposes	1.9	1.5
Reversal of non deductible provision	-	(40.9)
Current tax charge	<u>-</u>	<u>-</u>

The Finance Act 2012 included legislation to reduce the main rate of corporation tax in the UK from 26% to 24%, with effect from 1 April 2012 and from 24% to 23%, with effect from 1 April 2013.

# AVIS BUDGET EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2012

### 7. FIXED ASSET INVESTMENTS

	2012 £m	2011 £m
<u>Cost</u>		
At 1 January and At 31 December	711 8	711 8
<u>Provision for impairment</u>		
At 1 January	355 3	509 6
Reversal of provision	-	(154 3)
At 31 December	355 3	355 3
<u>Net book amount</u>		
At 31 December	356 5	356 5

#### Principal investments of the company:

Principal Undertakings	Country of incorporation	Activity	% of indirect ownership interest
Avis Location de Voitures SAS	France	Vehicle Rental	100
Avis Budget Autovermietung GmbH & Co KG	Germany	Vehicle Rental	100
Avis Budget Italia SpA	Italy	Vehicle Rental	100
Avis Alquile un Coche SA	Spain	Vehicle Rental	100
Avis Budget UK Limited	England and Wales	Vehicle Rental	100
Avis Budget Europe International Reinsurance Limited	Isle of Man	Insurance	100
Aegis Motor Insurance Limited	Isle of Man	Insurance	100
Avis Budget Services Limited	England and Wales	Management	100
Avis Finance Company Limited	England and Wales	Finance	100
Avis Europe Holdings Limited	England and Wales	Investment	100

In accordance with the requirements of FRS 11, Impairments of fixed assets and goodwill, the Directors review the carrying value of the fixed asset investments in the Company's subsidiaries if events or changes in circumstances indicate that there has been an impairment, or a potential reversal of a prior impairment. This review is undertaken by reference to the recoverable amount of the Company's investment in subsidiaries, being an estimate of value in use.

In determining value in use, the Directors calculate the present value of the estimated future cash flows expected to arise based on management's latest long term plans, with extrapolation thereafter. In addition, a market approach is adopted whereby a comparison is made to similar business interests that have been sold. The resultant value in use calculation at 31 December 2012 resulted in a value in use in excess of the opening carrying value of the fixed asset investment, but no reversal of the provision for impairment is performed at 31 December 2012 given the sensitivity of the calculations to a number of key assumptions, and continued macro-economic uncertainties (2011 a reversal of previous impairments totalling £154.3 million was recognised reflecting the impact of changes in the financing structure, cost synergies and increased growth resulting from being part of the Avis Budget Group, Inc. group of companies).

## AVIS BUDGET EMEA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2012

#### 8. DEBTORS

	2012 £m	2011 £m
Amounts owed by subsidiary undertakings	319.2	295.4

Included within "Amounts owed by subsidiary undertakings" are both current account and intercompany loan balances. Current account balances are repayable on demand, have no security, and do not carry any interest. Certain intercompany loan balances are repayable on demand, have no security and carry an interest rate of 6.65% (2011: 6.25%).

#### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £m	2011 £m
Amounts owed to subsidiary undertakings	25.8	15.9
Other creditors	3.9	0.4
	29.7	16.3

Included within "Amounts due to subsidiary undertakings" are both current account and intercompany loan balances. Current account balances are repayable on demand, have no security, and do not carry any interest. Intercompany loan balances are repayable on demand, have no security and carry an interest rate of 6.65% (2011: 6.25%).

#### 10. OTHER FINANCIAL LIABILITIES

	2012 £m	2011 £m
Financial guarantee contracts	0.1	0.1

The Company provides certain limited guarantees to third parties with respect to transactions undertaken by subsidiary undertakings.

# ·AVIS·BUDGET EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2012

### 11. CALLED UP SHARE CAPITAL

	2012		2011	
	Number	£m	Number	£m
Issued and fully paid share capital - ordinary shares of 10 pence each				
At 1 January	201,763,437	20.2	195,610,761	19.6
Issued during the year	-	-	6,152,676	0.6
Share cancellation	-	-	(201,763,437)	(20.2)
New shares issued	-	-	201,763,437	20.2
At 31 December	201,763,437	20.2	201,763,437	20.2

In the prior year, awards and options granted under the Avis Europe Share Schemes which were not already exercisable or which had not vested, became exercisable or vested (depending upon the scheme in question) on 28 September 2011. 6,152,676 shares were issued at par on 29 September 2011 to satisfy any share awards which vested or became exercised under the Long Term Incentive Plan and Share Retention Plan.

On 14 June 2011, the board of directors of Avis Budget Group, Inc. and the Company reached an agreement of a cash acquisition by AE Consolidation Limited (a wholly owned subsidiary of Avis Budget Group, Inc.) of the Company effected by means of a Scheme of Arrangement ("the Scheme") under Part 26 of the Companies Act 2006. The purpose of the Scheme was to provide for AE Consolidation Limited to become the owner of all of the issued and to be issued share capital of the Company. This was achieved by the cancellation of the pre-existing Avis Europe Shares and the application of the reserve arising from such cancellation in paying up in full such number of new shares as is equal to the number of pre-existing shares so cancelled and issuing the same to AE Consolidation Limited. Shareholders of cancelled shares received in consideration of the cancellation the price of 315 pence in cash for each cancelled share.

#### Share Option Schemes

Following the acquisition of the Company by AE Consolidation Limited on 3 October 2011, no options are outstanding under Share Option Schemes as at 31 December 2012 (2011: nil).

### 12. SHARE PREMIUM

	2012 £m	2011 £m
At 1 January and 31 December	294.8	294.8

# **·AVIS·BUDGET EMEA LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** for the year ended 31 December 2012

### **13. RESERVES**

	Own shares held £m	Retained earnings £m	Total £m
<b>At 1 January 2011</b>	(3 3)	160 7	157 4
Retained profit for the year	-	155 1	155 1
Increase in equity reserve arising from charge to income for share options in the year	-	4 7	4 7
Purchase of own shares	(2 3)	-	(2 3)
Own shares released on vesting of share awards	5 6	-	5 6
<b>At 31 December 2011</b>	-	320 5	320 5
<b>At 1 January 2012</b>	-	320 5	320 5
Retained profit for the year	-	10 4	10 4
<b>At 31 December 2012</b>	-	330 9	330 9

Own shares were held by the Avis Europe Employee Share Trust, a discretionary trust, to partially satisfy options and awards under a number of the Company's share schemes. At 31 December 2012 the Trust held nil shares (2011 nil shares) of nominal value 10p. In the prior year, the movement in the number of shares held comprised

- acquisition of 820,015 own shares for £1 7 million
- take-up of 6,152,676 additional shares issued at par on 29 September 2011 for £0 6 million
- allocation of all shares then held to satisfy share awards which vested or became exercised in the year under the Long Term Incentive Plan and Share Retention Plan

In accordance with FRS 20, for share options that were issued after 7 November 2002, and which had not vested at 1 January 2005, the fair value of the employee service received in exchange for the grant of the option is recognised in the profit and loss account over the related performance period. The Company recharges these expenses to the relevant subsidiaries in which the individual is employed.

### **14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY**

	2012 £m	2011 £m
Retained profit for the year	10 4	155 1
Increase in equity reserve arising from charge to income for share options in the year	-	4 7
Purchase of own shares	-	(2 3)
Own shares released on vesting of share awards	-	5 6
Net proceeds of Share Issue October 2011	-	0 6
Net increase in shareholders' equity	10 4	163 7
<b>At 1 January</b>	635 5	471 8
<b>At 31 December</b>	645 9	635 5

## **· AVIS BUDGET EMEA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)** for the year ended 31 December 2012

#### **15. COMMITMENTS AND CONTINGENCIES**

The Company and certain subsidiaries have provided unsecured guarantees to certain third parties within the normal course of business, the majority of which were in favour of certain lenders in respect of some of the Avis Budget EMEA Limited group's borrowing facilities, together with guarantees provided to vehicle suppliers and property lessors. As at 31 December 2012, these guarantees in relation to drawn balances totalled £209.8 million (2011: £123.0 million).

Certain of the Avis Budget EMEA Limited group companies are defendants in a number of claims and legal proceedings incidental to their operations. Based on information currently available it is not possible to assess the likelihood of these proceedings resulting in material fines but the Directors believe that they have valid defences in these matters and do not expect that any of these contingencies will have a material impact on the results or financial position of the Company.

#### **16. ULTIMATE PARENT UNDERTAKING**

The Company is a wholly owned subsidiary of AE Consolidation Limited, which is registered in England and Wales. The 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](http://www.avisbudgetgroup.com).

#### **17. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption within FRS 8, Related Party Transactions, 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](http://www.avisbudgetgroup.com).