

Registered number: 03311438

AVIS BUDGET EMEA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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AVIS BUDGET EMEA LIMITED

COMPANY INFORMATION

Directors	P L Ford P Rankin
Company secretary	I Lall
Registered number	03311438
Registered office	Avis Budget House Park Road Bracknell United Kingdom RG12 2EW
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

AVIS BUDGET EMEA LIMITED

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 27

AVIS BUDGET EMEA LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present their Strategic Report for the Company for the year ended 31 December 2022.

Strategic review and future developments

The Company is an intermediate holding company of the Avis Budget Group, Inc. group of companies ("the Group"). The Group's principal activities are to be a provider of mobility solutions and related activities through the well-recognised Avis and Budget brands, as well as local brands. The strategy of the Company is aligned to those of the Group, which are disclosed in the consolidated Financial Statements of the Group. The Company is expected to operate in this manner for the foreseeable future with no intended changes to the business model.

Financial key performance indicators

The Company has continued to perform as expected throughout the year and the Directors are satisfied with the performance of the Company based on the selected financial indicators:

	2022 £000	2021 £000
(Loss)/Profit after taxation	(35,790)	68,839
Net assets	1,054,311	1,090,101

Given that the principal activity of the Company is that of a holding company, the Directors do not believe that any other key performance indicators are necessary to understand the performance of the business. The performance of the Company is a direct function of the performance of its subsidiaries, as such, periodic reviews of the subsidiary undertakings financial performances are instead carried out.

The movement to a loss after tax in 2022 is driven by the impairment reversal of £99,091,000 made in 2021 with no equivalent credit to the Statement of Changes in Income made in 2022 as the impairment provision was fully reversed in 2021. The decrease in net asset position is a result of an increase to the amounts owed to group undertakings of £35,832,000 when compared to prior year.

Principal risks and uncertainties

The principal activity of the Company is to act as a holding company and, therefore, its principal risks relate to the carrying value of the investment that the Company holds. The Company performs an impairment review of assets on an annual basis that contemplates risks and uncertainties on the valuation of the Company's investments. In the current year, COVID-19 and its resulting impact on the global economy, as well as the ongoing military conflict between Russia and Ukraine, were considerations contemplated within the valuation. In order to manage these risks, the Directors periodically review the financial results of the company in which it invests.

The Directors consider that there is limited exposure to financial risk or credit risk, as the majority of the Company's exposure is to other companies within the Group. The principal risk being the recoverability of intercompany receivables which is managed at a Group level.

AVIS BUDGET EMEA LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Environmental, Social and Governance

The Group and the Company are committed to advancing Environmental, Social and Governance (ESG) strategies to truly play a leading role in the transition to a sustainable economy and a more just, fair and equal workplace and society. The Group's most recent ESG report is publicly available at www.avisbudgetgroup.com and is summarised in the Financial Statements of Avis Budget Group, Inc.

Research and Development Activities

The Company has not undertaken any research and development activities itself during the year, but benefits from developments being undertaken across the Group.

Section 172 statement

Section 172 of the Companies Act 2006 requires each Director of the Company to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, Section 172 requires a Director to have regard, among other matters to: the likely consequences of any decision in the long term; the interests of the Company's employees; the need to foster the Company's business relationships with customers, suppliers, licensees and others; the impact of the Company's operations on the community and environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the Company.

The Directors give careful consideration to the factors set out above in discharging their duties under Section 172. The stakeholders considered in this regard are the people who work for the Company and rent vehicles from the Company's subsidiaries, suppliers, licensees and shareholders. The Directors recognise that building strong relationships with the Company stakeholders will help the Company deliver its strategy in line with its long term values and operate the business in a sustainable way.

The Directors of the Company seek to understand the interests and views of the Company's stakeholders by engaging with them directly as appropriate. Some of the ways in which the Directors thoroughly engaged directly with the stakeholders over the year are detailed below:

Customers

The Company is committed to delivering a consistently high level of customer service. The Company's subsidiaries continuously track customer satisfaction levels by sending location specific surveys to recent customers to gain insights. The Group continues to invest in app based products to provide customers with contactless, self service rental transactions.

Employees

The Directors and Senior Management of the Company's subsidiaries seek to foster an environment where communication among employees is open, honest, and respectful; performance is recognised; growth is encouraged; and accomplishments are celebrated. The Company engages employees through periodic employee surveys, offering training and frequent communication.

Suppliers

The Company's subsidiaries maintain strong long-term supplier relationships. This includes continuous discussions with vehicle manufacturers and dealers that supply vehicles, lessors of airports, train stations and local markets where the Company operates; and vehicle maintenance and other vendors to sustain our operations.

Relationships are also maintained with major third party distribution channels including online travel agencies, airlines and hotel companies, marketing/membership partners, and global distribution systems ("GDS") that connect travel agents, travel service providers and corporations to the reservation systems.

The Company's subsidiaries invest and monitor the procure-to-pay process to optimize efficiencies for the Company and its suppliers.

AVIS BUDGET EMEA LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Section 172 Statement (Continued)

Licensees

Certain of the Company's subsidiaries grant third party licensees the exclusive right to independently operate under one or more of the Company's brands in certain countries or territories. The Company's management meets regularly with licensees at regional, national and international meetings. As licensees pay royalty fees it is in the best interest of the Company to promote the success of the licensees.

Shareholders

The Company is a wholly owned subsidiary within Avis Budget Group, Inc. The Company's Directors have regular dialogue with the senior management of Avis Budget Group Inc. Given this direct dialogue, the Directors have a comprehensive understanding of the needs and expectations of its shareholders.

This report was approved by the board on 28 April 2023 and signed on its behalf by:



P L Ford
Director

AVIS BUDGET EMEA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their Annual Report and the Financial Statements for the year ended 31 December 2022.

Directors and Indemnities

The Directors who served during the year were:

P L Ford
P Rankin

The Group has made qualifying third indemnity provisions for the benefit of the Company's Directors during the year, which remains in force as of the reporting date.

Results and dividends

The loss for the year, after taxation, amounted to £35,790,000 (2021: profit £68,839,000).

No interim dividend has been paid on the ordinary shares during the year (2021: £nil). The Directors do not recommend the payment of a final dividend on the ordinary shares (2021: £nil).

Political and charitable donations

The Company did not make any political or charitable donations in the year (2021: £nil).

Going concern and future developments

At 31 December 2022, the Company had net assets of £1,054,311,000 (2021: £1,090,101,000) and continued to operate as a holding company. The Company will continue to act as an intermediate holding company for the foreseeable future. Avis Budget Group, Inc. has indicated that it will continue to provide financial support to the Company for at least one year from the date of signing the Financial Statements. The Directors, having reviewed the Group's latest audited consolidated Financial Statements, have assessed the Company's ability to continue as a going concern, and are satisfied that the Company's Financial Statements for the year ended 31 December 2022 are appropriately prepared on the going concern basis.

There have been no material adjusting or disclosable events since the financial year end and details of the principal activities, principal risks and future developments can be found in the Strategic Report.

AVIS BUDGET EMEA LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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;
- 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 to enable them to ensure that the Financial Statements comply with the Companies Act 2006. The Directors 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.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

Auditor

The auditor, BDO LLP, will be proposed for reappointment and will continue in office as permitted by Section 485 of the Companies Act 2006.

This report was approved by the board on 28 April 2023 and signed on its behalf by:



P L Ford
Director

AVIS BUDGET EMEA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS BUDGET EMEA LIMITED

Opinion on the 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 2022 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.

We have audited the Financial Statements of Avis Budget EMEA Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the Financial Statements, 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 Auditor's responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

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.

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 auditor's 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.

AVIS BUDGET EMEA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS BUDGET EMEA LIMITED (CONTINUED)

Other information (continued)

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 course of 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 this gives rise to a material misstatement in the Financial Statements themselves. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit: misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. 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.

- 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.

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.

Responsibilities of Directors

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, 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.

AVIS BUDGET EMEA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS BUDGET EMEA LIMITED (CONTINUED)

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company, and determined that the most significant which are directly relevant to specific assertions in the Financial Statements are those related to the reporting framework (Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006);
- We determined how the entity is complying with these legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures, corroborating our enquiries through a review of board minutes;
- We used an engagement team with appropriate competence and capabilities to identify non-compliance with laws and regulations; and
- We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial position and management bias accounting estimates. We considered the process controls that the Company has established to address the risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors those process controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journal and challenging the assumptions made by management in their significant accounting estimates, particular in relation to the impairment of investments.

Our audit procedures were designed to respond to risks of material misstatement in the Financial Statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

AVIS BUDGET EMEA LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS BUDGET EMEA LIMITED
(CONTINUED)**

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 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.

DocuSigned by:

JOSEPH ASWANI
Joseph Aswani (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 28 April 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

AVIS BUDGET EMEA LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Administrative expenses		(2,365)	(1,577)
Preference share dividend income		23,136	23,136
Reversal of impairment in investments		-	99,091
Operating profit	4	20,771	120,650
Interest receivable and similar income	7	129	44
Interest payable and similar expenses	8	(56,690)	(51,855)
(Loss)/profit before tax		(35,790)	68,839
Tax on (loss)/profit	9	-	-
(Loss)/Profit and total comprehensive (loss)/income for the year		(35,790)	68,839

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of Comprehensive Income.

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 13 to 27 form part of these Financial Statements.

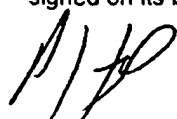
AVIS BUDGET EMEA LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Fixed assets			
Investments	10	2,236,653	2,236,653
Current assets			
Debtors	11	23,136	23,136
Cash at bank and in hand		220	178
		<u>23,356</u>	<u>23,314</u>
Creditors: amounts falling due within one year	12	<u>(1,205,698)</u>	<u>(1,169,866)</u>
Net current liabilities		(1,182,342)	(1,146,552)
Total assets less current liabilities		<u>1,054,311</u>	<u>1,090,101</u>
Net assets		<u><u>1,054,311</u></u>	<u><u>1,090,101</u></u>
Capital and reserves			
Called up share capital	13	20,176	20,176
Share premium account	14	294,762	294,762
Profit and loss account	14	739,373	775,163
		<u>1,054,311</u>	<u>1,090,101</u>

The notes on pages 13 to 27 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the board on 28 April 2023 and were signed on its behalf by:



P L Ford
Director

REGISTERED NUMBER: 03311438

AVIS BUDGET EMEA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Share premium account £000	Non- distributable reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2021	20,176	294,762	(99,091)	805,415	1,021,262
Comprehensive income for the year					
Profit for the year	-	-	-	68,839	68,839
Transfers	-	-	99,091	(99,091)	-
At 1 January 2022	20,176	294,762	-	775,163	1,090,101
Comprehensive loss for the year					
Loss for the year	-	-	-	(35,790)	(35,790)
At 31 December 2022	20,176	294,762	-	739,373	1,054,311

The notes on pages 13 to 27 form part of these Financial Statements.

AVIS BUDGET EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Avis Budget EMEA Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office is Avis Budget House, Park Road, Bracknell, United Kingdom, RG12 2EW.

The Company is exempt under Section 401 of the Companies Act 2006 from the requirement to present consolidated 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. These Financial Statements are for the Company only.

2. Accounting policies

2.1 Basis of preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these Financial Statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 'Basic Financial Instruments': Interest income/expense and net gains/losses for each category of financial instruments recognised in profit or loss and in other comprehensive income;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated Financial Statements of Avis Budget Group, Inc. as at 31 December 2022 and these Financial Statements may be obtained from its registered office, 6 Sylvan Way, Parsippany, NJ 07054 and www.avisbudgetgroup.com.

2.3 Going concern

At 31 December 2022, the Company had net assets of £1,054,311,000 (2021: £1,090,101,000) and continued to operate as a holding company. The Company will continue to act as an intermediate holding company for the foreseeable future. Avis Budget Group, Inc. has indicated that it will continue to provide financial support to the Company for at least one year from the date of signing the Financial Statements. The Directors, having reviewed the Group's latest audited consolidated Financial Statements, have assessed the Company's ability to continue as a going concern, and are satisfied that the Company's Financial Statements for the year ended 31 December 2022 are appropriately prepared on the going concern basis.

AVIS BUDGET EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Interest receivable

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.6 Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

AVIS BUDGET EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 Taxation

Tax is recognised in Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax balances are not discounted.

2.8 Financial Instruments

Financial assets

The classification of financial assets is determined at initial recognition depending on the purpose for which they were acquired. Any impairment is recognised in the Statement of Comprehensive Income as it arises.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortisation cost using the effective interest method, less provision for impairment.

Cash and short term deposits

Cash comprises cash in hand, demand deposits and bank overdrafts. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within "creditors" in the Statement of Financial Position.

Impairment of financial assets

Financial assets, other than those held at fair value through Statement of Comprehensive Income, are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flow discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

AVIS BUDGET EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial liabilities

Financial liabilities (including borrowings) are recognised initially at fair value, net of transaction costs. They are subsequently held at amortised cost unless part of a fair value hedge. Any difference between the amount on initial recognition and redemption value is recognised in the Statement of Other Comprehensive Income using the effective interest method. Short term liabilities (including trade and other creditors) are measured at original invoice amount.

Intercompany loans

Intercompany loans are measured at amortised cost using the effective interest method as reduced by appropriate allowances for estimated irrecoverable amounts.

Other payables

Other payables are measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

AVIS BUDGET EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 Investments

Investments are shown at cost less provision for any impairment where the recoverable amount is less than cost. Investments are initially stated at cost, being their purchase cost together with any incidental expenses of acquisitions. The carrying values of investments are reviewed at each year end if events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment of investments is charged to the Statement of Comprehensive Income 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 investment to the carrying value that would be recognised had the original impairment not occurred.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Directors are required to make judgements, estimates and assumptions about the carrying amount 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.

Critical judgements

The Directors believe that there are no critical judgements applied in the preparation of the Financial Statements that the Company is required to disclose apart from those involving estimations, which are dealt with separately below.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of investments

In determining value in use, the Company calculates the present value of the estimated future cash flows expected to arise based on management's latest long term plans, with extrapolation thereafter. Estimates for value in use calculations include discount rates, long term growth rates and expected changes to future cash flows. Estimates are based on past experience and expectations of future changes in the market, including the prevailing economic climate and global economy, competitor activity, market dynamics, and ability to further leverage the Group's operational scale. Management estimates discount rates using a calculation of weighted average cost of capital. Risk free rates are based on government bond rates.

No impairment or reversal of impairment has been recognised as a consequence of this review as at 31 December 2022 based on available information as of that date (2021: impairment reversal of £99,091,000).

Impairment of intercompany receivables

The Company has intercompany receivables, which it expects to be fully paid and received without a premium or discount. In assessing the recoverability of amounts owed to the Company by fellow group undertakings, Management has considered the anticipated cash flow within the wider group and the support from the ultimate parent company, and has deemed these balances recoverable.

AVIS BUDGET EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3. Judgements in applying accounting policies (continued)

Determination of intercompany transactions

To determine whether transactions with other subsidiary undertakings of the Company have been conducted on an arms' length basis, the Company uses the input of internal and external tax advisors and analysis of comparable companies and groups who operate in similar markets to the Company..

4. Operating profit

The operating profit is stated after crediting:

	2022 £000	2021 £000
Reversal of impairment of investments in subsidiary undertakings	-	99,091
Preference share dividend income	23,136	23,136

During the year, the Company received preference share dividends from Avis Europe Holdings Limited totalling £23,136,000 (2021: £23,136,000). The Fixed Rate Redeemable Cumulative Preference Shares were entitled in priority to the Ordinary Shares to a fixed rate cumulative preferential dividend of 8% per annum applied to the aggregate of the nominal value and share premium of the underlying Fixed Rate Redeemable Cumulative Preference Share Capital.

5. Auditor's remuneration

The auditor's remuneration is borne by Avis Budget Services Limited, an indirect subsidiary undertaking. The cost has not been recharged to Avis Budget EMEA Limited. The fee payable to the Company's auditor for the audit of the Company's Financial Statements for the year ended 31 December 2022 was £5,778 (2021: £5,000).

AVIS BUDGET EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Directors' remuneration

The average monthly number of persons employed during the year, including Directors, was 2 (2021: 2).

The Directors costs are paid by Avis Budget Services Limited, an indirect subsidiary undertaking, and are 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 2022 is set out below:

	2022 £000	2021 £000
Directors' emoluments	1,388	624
Amounts receivable under long-term incentive schemes	1,624	950
Company contributions to defined contribution pension schemes	16	13
	<u>3,028</u>	<u>1,587</u>

During the year retirement benefits were accruing to 2 Directors (2021: 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £1,000,000 (2021: £400,000).

7. Interest receivable

	2022 £000	2021 £000
Interest receivable from group companies	<u>129</u>	<u>44</u>

8. Interest payable and similar expenses

	2022 £000	2021 £000
Interest payable to group undertakings	<u>56,690</u>	<u>51,855</u>

9. Taxation

	2022 £000	2021 £000
Taxation on (loss)/profit on ordinary activities	<u>-</u>	<u>-</u>

AVIS BUDGET EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Taxation (continued)

Factors affecting tax charge for the year

The standard rate of tax applied to the reported (loss)/profit on ordinary activities is 19% (2021: 19%). The differences between the total tax charge/(credit) shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows:

	2022 £000	2021 £000
(Loss)/profit on ordinary activities before tax	<u>(35,790)</u>	<u>68,839</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(6,800)	13,079
Effects of:		
Expenses not deductible	3	61
Non-taxable dividend	(4,396)	(4,396)
Group relief surrendered for nil consideration	13,110	10,083
Non deductible/(non-taxable) provision	-	(18,827)
Share based payments	<u>(1,917)</u>	<u>-</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

Legislation to increase the main rate of corporation tax from 19% to 25% with effect from 1 April 2023 is included in Finance Act 2021 which was substantively enacted on 24 May 2021.

AVIS BUDGET EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2022	2,236,653
At 31 December 2022	<u>2,236,653</u>
 Net book value	
At 31 December 2022	<u>2,236,653</u>
At 31 December 2021	<u>2,236,653</u>

In accordance with the requirements of FRS 102, the Directors review the carrying value of the 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. As a consequence of this review as at 31 December 2022, no impairment provision or reversal of impairment has been recognised (2021: reversal of 2020 impairment charge of £99,091,000).

AVIS BUDGET EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Holding
AAA France Cars SAS	10, rue de Luyot – ZI – B, 59113 Seclin, France	Vehicle Rental	100%
AB Fleetco	21 place de l'Hôtel Dieu, 60000, Beauvais, France	Finance	100%
ABG Commerce Consultancy (Shanghai) Co., Ltd (China)	Rm1742, No. 533, Loushanguan Rd, Changning District, Shanghai	Management	100%
AB Group Financial Services Limited	Avis Budget House, Park Road, Bracknell RG12 2EW	Finance	100%
ABG Scandinavia Holdings AS	Ruseløkkvien 26, 0251 Oslo, Oslo, 0251, Norway	Holding Company	100%
ACL Hire Limited	47 West Main Street, Blackburn, Bathgate, West Lothian, EH47 7LT	Vehicle Rental	100%
Aegis Motor Insurance Limited	PO Box 305, Rose House, 51-59 Circular Road, Douglas, Isle of Man IM99 2BB	Insurance	100%
Auto-Hall SA	9 Avenue d'Ostende, 98000 Monaco	Vehicle Rental	100%
Avis Africa Limited	Avis Budget House, Park Road, Bracknell RG12 2EW	Investment	100%
Avis Alquile un Coche SA	Avda.Manoteras, 32 Edificio C, 28050 Madrid, Spain	Vehicle Rental	100%
Avis Asia Limited	Avis Budget House, Park Road, Bracknell RG12 2EW	Investment	100%
Avis Autovermietung Beteiligungsgesellschaft mbH	Zimmersmühlenweg 21, 61440 Oberursel, Germany	Holding Company	100%
Avis Autovermietung Gesellschaft GmbH	Laaer Berg Straße 43, 1100 Vienna, Austria	Vehicle Rental	100%
Avis Belgium SA	Rue Colonel Bourg 122, PO Box 7m 1140 Evere, Brussels, Belgium	Vehicle Rental	100%
Avis Budget Autovermietung AG	Hofwisenstrasse 36, 8153 Rumlang, Switzerland	Vehicle Rental	100%
Avis Budget Autovermietung GmbH & Co KG	Zimmersmuhlenweg 21, 61437, Oberursel, Germany	Vehicle Rental	100%

AVIS BUDGET EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Holding
Avis Budget Autovermietung Verwaltungsgesellschaft mbH	Zimmersmühlenweg 21, 61440 Oberursel, Germany	Management	100%
Avis Budget Denmark A/S	Roskildevej 14, 2620 Albertslund, Denmark	Vehicle Rental	100%
Avis Budget Europe International Reinsurance Limited	1st Floor, Goldie House, 1 – 4 Goldie Terrace, Upper Church Street, Douglas, IM1 1EB, Isle Of Man	Insurance	100%
Avis Budget Group Business Support Centre Kft	Kassak Lajos u. 19-25., 1134 Budapest, Hungary	Management	100%
Avis Budget Group Contact Centre EMEA SA	World Trade Centre, Edificio Norte 5a Planta, Moll de Barcelona s/n, 08039 Barcelona, Spain	Management	100%
Avis Budget Italia SpA	Via Roma n° 96 39100 Bolzano , Italy	Vehicle Rental	100%
Avis Budget Italia SpA Fleetco SAPA	Via Roma n° 96 39100 Bolzano , Italy	Finance	100%
Avis Budget Leasing Denmark A/S	Roskildevej 14, 2620 Albertslund, Denmark	Vehicle Rental	100%
Avis Budget Services Limited	Avis Budget House, Park Road, Bracknell RG12 2EW	Management	100%
Avis Budget UK Limited	Avis Budget House, Park Road, Bracknell RG12 2EW	Vehicle Rental	100%
Avis Europe and Middle East Limited	Avis Budget House, Park Road, Bracknell RG12 2EW	Investment	100%
Avis Europe Group Holdings (BV)	Avis Budget House, Park Road, Bracknell RG12 2EW	Holding Company	100%
Avis Europe Holdings Limited *	Avis Budget House, Park Road, Bracknell RG12 2EW	Holding Company	100%
Avis Europe Risk Management Limited	Avis Budget House, Park Road, Bracknell RG12 2EW	Insurance	100%
Avis Finance Company (No.3) Limited	Avis Budget House, Park Road, Bracknell RG12 2EW	Finance	100%
Avis Finance Company Limited	Avis Budget House, Park Road, Bracknell RG12 2EW	Finance	100%

AVIS BUDGET EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Holding
Avis Financement Vehicules SAS	Immeuble Linea, 1 Rue du General Leclerc, 92800 Puteaux France	Finance	100%
Avis India Investment Private Limited	807, New Delhi House, Barakhamba Road, New Delhi, 110001, India	Holding Company	100%
Avis Location de Voitures Sarl	Aeroport de Findel, L-1110 Findel, Luxembourg	Vehicle Rental	100%
Avis Location de Voitures SAS	Immeuble Linea, 1 Rue du General Leclerc, 92800 Puteaux France	Vehicle Rental	100%
Avis Pension Trustees Limited	Avis Budget House, Park Road, Bracknell RG12 2EW	Management	100%
Avis Rent A Car (Isle of Man) Limited	P.O. Box 227, Clinches House, Lord Street, Douglas, IM99 1RZ, Isle of Man	Dormant	100%
Bell' Aria SpA	Viale Carmelo Bene no 70. 00139 Rome, Italy	Vehicle Registration	100%
Garep AG	Hofwisenstrasse 36, 8153 Rumlang, Switzerland	Vehicle Maintenance	100%
Bullas Inversiones S.L.	Avda Manoteras, 32, 28050, Madrid	Management	100%
Jupol-Car sp. z.o.o.	Lopuszanska 12A, 02-220, Warsaw, Poland	Vehicle Rental	100%
Maggiore Asset Management SRL	Viale Carmelo Bene no 70. 00139 Rome, Italy	Holding Company	100%
Mercury Car Rentals Private Limited	L-10, Green Park Extension, New Delhi - 110 016, India	Vehicle Rental	60%
Milton Location de Voitures SAS	Immeuble Linea, 1 Rue du General Leclerc, 92800 Puteaux France	Vehicle Rental	100%
Morini SpA	Giacomo Antonini 20 - 20141 Milano, Italy	Vehicle Rental	100%
National Car Rentals (Private) Limited	8 Marina Boulevard, 05-02 Marina Bay Financial Centre, Singapore	Vehicle Rental	100%
Otokoç ABG Holland B.V	Herikerbergweg 238, 1101CM Amsterdam, Netherlands	Vehicle Rental	40%
RAC Norway AS	Drengsrudbekken 12, Oslo, Asker, 1383, Norway	Vehicle Rental	100%

AVIS BUDGET EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Investments (continued)**Subsidiary undertakings (continued)**

Name	Registered office	Principal activity	Holding
SCA SAS	99 Avenue du General de Gaulle, 92200, Neuilly sur Seine, France	Vehicle Rental	100%
Sovial Sociedade de Viatures de Alguer Lda	Av Marechal Craveiro Lopes, No. 2,2/3 Pisos, 1700-284 Lisboa, Portugal	Vehicle Rental	100%
Sovialma-Sociedade de Viatures de Alguer de Madeira Lda	Largo Antonio Nobre 164, 9000 Funchal, Madeira	Vehicle Rental	67%
Sweden Rent A Car AB	Sveins Bilutleie AS, Bestre Strandgate 49, 4612 Kristiansand	Vehicle Rental	100%
Transfercar4U AS	Sveins Bilutleie AS, Bestre Strandgate 49, 4612 Kristiansand	Vehicle Rental	100%
Zodiac Europe Finance Company Limited	Avis Budget House, Park Road, Bracknell RG12 2EW	Finance	100%
Zodiac Europe Investments Limited	Avis Budget House, Park Road, Bracknell RG12 2EW	Holding Company	100%
Zodiac Europe Limited	Avis Budget House, Park Road, Bracknell RG12 2EW	Holding Company	100%

* Shares held directly by the Company

AVIS BUDGET EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Debtors

	2022 £000	2021 £000
Amounts owed by group undertakings	23,136	23,136

Amounts owed by subsidiary undertakings are unsecured and payable on demand. Intercompany loans are fixed rate with a weighted average cost for amounts owed by subsidiary undertakings at 31 December 2022 of 6.55% (2021: non-interest bearing). There were no floating rate intercompany loans.

12. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Amounts owed to group undertakings	1,205,698	1,169,866

Amounts owed to subsidiary undertakings are unsecured and payable on demand.

Intercompany loans are fixed rate with a weighted average cost for amounts owed to subsidiary undertakings at 31 December 2022 of 5.72% (2021: 4.86%). There were no floating rate intercompany loans.

13. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
201,763,437 (2021: 201,763,437) Ordinary shares of £0.10 each	20,176	20,176

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

AVIS BUDGET EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Reserves

Share premium account

The share premium contains the premium arising on issue of equity shares, net of issue expenses.

Non-distributable reserves

The non-distributable reserves represent the cumulative unrealised profits or losses reclassified from retained earnings.

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

15. Financial commitments, guarantees and contingent liabilities

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 2022, these guarantees in relation to drawn balances totalled £226,687,000 (2021: £212,400,000).

Certain entities 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. Controlling party

The Company is a wholly owned subsidiary of AE Consolidation Limited, which is incorporated in the United Kingdom. The registered address is Avis Budget House, Park Road, Bracknell, United Kingdom RG12 2EW.

Avis Budget Group, Inc. is the Company's ultimate holding company and is the smallest and largest parent undertaking to consolidate the Financial Statements of the Company. Avis Budget Group, Inc., is incorporated in the United States of America and registered on NASDAQ. The Financial Statements of Avis Budget Group Inc. are publicly available at the registered office 6 Sylvan Way, Parsippany, New Jersey 07054 and www.avisbudgetgroup.com.