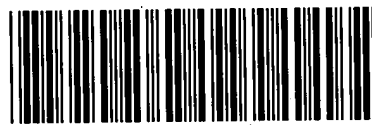


**AVIS EUROPE AND MIDDLE EAST LIMITED**  
**REGISTERED NUMBER: 3342822**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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# **AVIS EUROPE AND MIDDLE EAST LIMITED**

## **STRATEGIC REPORT**

The Directors present their Strategic Report for the Company for the year ended 31 December 2015.

### **Strategic Review and Future Developments**

Avis Europe and Middle East Limited holds the licence to the royalties arising from the use of the Avis brand within Europe and the Middle East. Avis Europe and Middle East Limited is a subsidiary undertaking of Avis Licence Holdings Limited.

On 17 June 2003, Avis Europe and Middle East Limited appointed Avis Budget Services Limited, a fellow subsidiary undertaking, to undertake certain of its obligations to its sub-licensees with effect from 1 January 2003. In return, Avis Budget Services Limited is entitled to collect and retain all licence fees payable to Avis Europe and Middle East Limited since 1 January 2003.

The Company continued to perform as expected throughout the year and has made a profit after taxation in the year of £503,110 (2014: £694,045). The Directors expect that the Company will continue to transact business as a licence holding company in the coming year. The position of the company at the year end is set out in the balance sheet and related notes on pages 8 to 12.

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

### **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 EMEA Limited group of companies, which are as disclosed in the consolidated financial statements of the Company's ultimate holding company, Avis Budget Group, Inc.

By Order of the Board



P L Ford  
Director  
18 August 2016

# **AVIS EUROPE AND MIDDLE EAST LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 December 2015.

### **Results and Dividends**

The Company made a profit after taxation in the year of £503,110 (2014: £694,045). No interim dividend was paid during the year (2014: nil). The Directors do not recommend the payment of a final dividend (2014: nil).

### **Going Concern**

The Directors expect the Company to continue to transact business as a licence 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 3 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 2015 (2014: nil).

### **Directors**

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

J E Spiers (resigned 30 June 2016)  
M Servodidio (resigned 2 June 2016)  
P L Ford (appointed 2 June 2016)  
P E Rollason (appointed 30 June 2016)

### **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 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; 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.

## **AVIS EUROPE AND MIDDLE EAST LIMITED**

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

#### **Statement of Disclosure of Information to Auditor**

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

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

#### **Auditor**

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

By Order of the Board



P L Ford  
Director  
18 August 2016

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS EUROPE AND MIDDLE EAST LIMITED**

We have audited the Financial Statements of Avis Europe and Middle East Limited for the year ended 31 December 2015 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related Notes on pages 8 to 12. 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), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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.

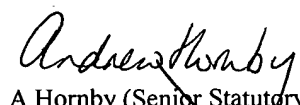
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and 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 Hornby (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Reading  
United Kingdom  
16 September 2016

# AVIS EUROPE AND MIDDLE EAST LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Notes	2015 £	2014 £
Finance income	7	504,345	696,846
Finance costs	7	<u>(1,235)</u>	<u>(2,801)</u>
<b>Profit on ordinary activities before taxation</b>		503,110	694,045
Taxation	8	<u>-</u>	<u>-</u>
<b>Profit for the financial year being</b>			
<b>Total comprehensive income for the year</b>		<u>503,110</u>	<u>694,045</u>

All results derive from continuing operations.

The accompanying Notes on pages 8 to 12 form an integral part of these Financial Statements.

# AVIS EUROPE AND MIDDLE EAST LIMITED

## BALANCE SHEET

as at 31 December 2015

	<u>Notes</u>	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
Other financial assets:			
- amounts owed by group undertakings	9	<u>12,588,659</u>	<u>12,624,709</u>
<b>Current assets being Total assets</b>		<u>12,588,659</u>	<u>12,624,709</u>
Other financial liabilities:			
- amounts owed to group undertakings	9	<u>-</u>	<u>(539,160)</u>
<b>Current liabilities being Total liabilities</b>		<u>-</u>	<u>(539,160)</u>
<b>Net assets</b>		<u>12,588,659</u>	<u>12,085,549</u>
<b>Equity</b>			
Called-up share capital	11	1	1
Retained profit		<u>12,588,658</u>	<u>12,085,548</u>
<b>Shareholder's equity</b>		<u>12,588,659</u>	<u>12,085,549</u>

The Financial Statements on pages 5 to 12 were approved by the Board on 18 August 2016 and were signed on its behalf by:



P L Ford  
Director  
Avis Europe and Middle East Limited  
Registered no. 3342822

# **AVIS EUROPE AND MIDDLE EAST LIMITED**

## **STATEMENT OF CHANGES IN EQUITY**

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
<b>At 1 January 2014</b>	1	11,391,503	11,391,504
Profit for the year	-	694,045	694,045
<b>At 31 December 2014</b>	<u>1</u>	<u>12,085,548</u>	<u>12,085,549</u>
<b>At 1 January 2015</b>	1	12,085,548	12,085,549
Profit for the year	-	503,110	503,110
<b>At 31 December 2015</b>	<u>1</u>	<u>12,588,658</u>	<u>12,588,659</u>

The accompanying Notes on pages 8 to 12 form an integral part of these Financial Statements.



# AVIS EUROPE AND MIDDLE EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

### 1. General information

The Company holds the licence to the royalties arising from the use of the Avis brand within Europe and the Middle East. Avis Europe and Middle East Limited is a subsidiary undertaking of Avis Licence Holdings Limited. The Company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is 7 Welbeck Street, London, W1G 9YE.

### 2. Statement of compliance

The Financial Statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and the Companies Act 2006.

### 3. 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.

#### (a) Basis of Accounting

The Financial Statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through the statement of comprehensive income. 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 Licence Holdings Limited which is part of the group of companies owned by Avis Budget Group, Inc., a company incorporated in the United States of America, which itself prepares consolidated financial statements.

#### (b) Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

#### (c) 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 section 1.12 of FRS 102 and not produce a cash flow statement.

#### (d) 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 statement of comprehensive income.

#### (e) 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 in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. 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.

# AVIS EUROPE AND MIDDLE EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2015

### 3. Statement of accounting policies (continued)

(f) 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.

(g) 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 amortised 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 "borrowings" in "current liabilities" in the balance sheet.

*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 comprehensive income using the effective interest method. Short term liabilities (including trade and other payables) are measured at original invoice amount.

*Inter-company loans*

Inter-company 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.

### 4. Critical accounting judgements and key sources of estimation uncertainty

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.

### 5. Directors' emoluments and employees

The Directors received no emoluments in respect of their services to the Company during the year (2014: nil).

The average monthly number of Directors during the year was 2 (2014: 2). The Company had no employees during the year (2014: nil).

# AVIS EUROPE AND MIDDLE EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2015

### 6. Auditor's remuneration

The auditor's remuneration is borne by Avis Budget Services Limited, a fellow subsidiary undertaking. The fee payable to the Company's auditor for the audit of the Company's Financial Statements for the year ended 31 December 2015 was £1,000 (2014: £1,000).

### 7. Net finance income

	2015 £	2014 £
Interest receivable:		
On loans to group undertakings	504,345	696,846
Interest payable:		
On loans from group undertakings	(1,235)	(2,801)
	<u>503,110</u>	<u>694,045</u>

### 8. Tax on profit on ordinary activities

#### (i) Analysis of charge in year

	2015 £	2014 £
Current tax	-	-
Deferred tax	-	-
Total tax on profit on ordinary activities	<u>-</u>	<u>-</u>

#### (ii) Factors affecting the current tax charge for the year

The standard rate of tax applied to reported profit on ordinary activities is 20.25% (2014: 21.5%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2013.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Profit on ordinary activities before taxation	<u>503,110</u>	<u>694,045</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25%. (2014: 21.5%)	101,880	149,220
Group relief received for nil consideration	(101,880)	(149,220)
Total tax charge for the year	<u>-</u>	<u>-</u>

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

The Finance Bill (No.2) 2015 included legislation to reduce the main rate of corporation tax in the UK from 20% to 19%, with effect from 1 April 2017 and from 19% to 18%, with effect from 1 April 2020. These rates were substantively enacted on 26 October 2015. The 2016 Budget subsequently announced that the main rate of corporation tax would reduce to 17% with effect from 1 April 2020.

# AVIS EUROPE AND MIDDLE EAST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2015

### 9. Inter-company items

	2015 £	2014 £
Amounts owed by group undertakings	12,588,659	12,624,709
Amounts owed to group undertakings	-	(539,160)
Net amounts owed by group undertakings	<u>12,588,659</u>	<u>12,085,549</u>

Amounts owed by group undertakings, and amounts owed to group undertakings, are unsecured and are payable on demand.

Balance sheet amounts are stated net of provisions for doubtful debts, and accordingly the maximum credit risk exposure is the carrying amount of the amounts owed by subsidiary undertakings. No allowance for bad debts has been made as all amounts owed by subsidiary undertakings are expected to be fully recoverable.

Inter-company loans are fixed rate with a weighted average cost for amounts owed by subsidiary undertakings at 31 December 2015 of 4.00% (2014: 5.76%) and for amounts owed to subsidiary undertakings at 31 December 2014 of 5.61%. There were no floating rate inter-company loans.

Within amounts owed by group undertakings, £1 (2014: £1) is for share capital not paid.

### 10. Financial instruments

	2015		2014	
	Book amount £	Fair value £	Book amount £	Fair Value £
Other financial assets:				
- amounts owed by fellow subsidiaries	12,588,659	12,588,659	12,624,709	12,624,709
Other financial liabilities:				
- amounts owed to fellow subsidiaries	-	-	(539,160)	(539,160)

### 11. Called-up share capital

	2015 £	2014 £
Allotted and issued share capital:		
100 Ordinary shares of 1p each	<u>1</u>	<u>1</u>

### 12. Ultimate parent undertaking

The Company is a subsidiary undertaking of Avis Licence Holdings Limited which is part of the group of companies owned by Avis Budget EMEA Limited. Both these parent undertakings are registered in England and Wales. The smallest and largest parent undertaking to consolidate the Financial Statements of the Company is Avis Budget Group, Inc., which is incorporated in the United States of America and registered on NASDAQ. The financial statements of Avis Budget Group, Inc. are publicly available at [www.avisbudgetgroup.com](http://www.avisbudgetgroup.com).

## **AVIS EUROPE AND MIDDLE EAST LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

for the year ended 31 December 2015

#### **13. Related party transactions**

The Company has taken advantage of the exemption within section 1.12 of FRS 102 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).

#### **14. Transition to FRS 102**

This is the first year that the Company has presented its results under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. There were no changes to equity or profit as a consequence of adopting FRS 102.