

Company Registration No. 04664457 (England and Wales)

ZODIAC EUROPE FINANCE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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ZODIAC EUROPE FINANCE COMPANY LIMITED

COMPANY INFORMATION

Directors	P L Ford P Rankin	(Appointed 9 March 2021)
Secretary	I Lall	
Company number	04664457	
Registered office	Avis Budget House Park Road Bracknell United Kingdom RG12 2EW	
Auditor	BDO LLP 55 Baker Street London United Kingdom W1U 7EU	

ZODIAC EUROPE FINANCE COMPANY LIMITED

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ZODIAC EUROPE FINANCE COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their annual report and the audited Financial Statements of the Company for the year ended 31 December 2020.

Principal Activity

The principal activity of the Company, which remains unchanged from prior periods is to administer the issuance of prepaid vouchers for vehicle rental on behalf of companies operating under the Budget Rent A Car brand throughout the Europe, Middle East and Africa region. No change is expected to the Company's principal activity is expected. The Company is in the Avis Budget Group, Inc. group of companies.

Results and Dividends

The Company made a profit after taxation in the year of €1,345k (2019: €1,660k).

No interim dividend has been paid on the ordinary shares during the year (2019: €nil). The Directors do not recommend the payment of a final dividend on the ordinary shares (2019: €nil).

Directors

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

P Mitchell	(Resigned 30 June 2020)
P L Ford	
P E Rollason	(Resigned 9 March 2021)
P Rankin	(Appointed 9 March 2021)

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

Going concern

At 31 December 2020 the Company had cash of €262k (2019: €130k), net current assets of €19,866k (2019: €18,521k) and continued to administer the issuance of prepaid vouchers for vehicle rentals. When preparing Financial Statements, the Directors assessed the Company's ability to continue as a going concern.

In response to the current unprecedented circumstances, the Group accessed surplus equity in vehicle fleet, analysed the cash flows and estimated the available credit under an undrawn revolving credit facility to provide the Company with adequate liquidity. Various actions were taken to reduce the fleet and right size operations (including the use of certain available Government COVID-19 initiatives) for the expected downturn in reservations.

The Group is also coordinating with car rental associations internationally and working to secure access to the various social plans being implemented in Europe. Although it cannot be predicted, disruption in the global economy beyond the required liquidity availability of twelve months from the date of issue of the Financial Statements is not expected at this time. The assets and liabilities of the Company at this date constitute balances with other group undertakings. The Directors have received confirmation that Avis Budget Group Inc., the ultimate parent undertaking, will continue to provide adequate resources to enable the Company to continue in operation for at least 12 months from date of approval of the Financial Statements. Due to Group wide cost reduction and business rationalisation measures taken and the effectiveness of the vaccine rollout in 2021, Directors have a reasonable expectation that the Company has sufficient liquidity to operate through to December 2022 and beyond. The Directors have therefore adopted 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 2 of the Financial Statements.

ZODIAC EUROPE FINANCE COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of Directors' responsibilities

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 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. 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 Auditor

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 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

BDO LLP were appointed during the year and will continue in office as permitted by Section 487 of the Companies Act 2006.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

On behalf of the Board



P. L. Ford

Director

1 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZODIAC EUROPE FINANCE COMPANY LIMITED

Report on the audit of the Financial Statements

Opinion

In our opinion the Financial Statements of Zodiac Europe Finance Company Limited (the Company):

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

We have audited the Financial Statements of Zodiac Europe Finance Company Limited ("the Company") for the year ended 31 December 2020 which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, and the 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 comprise the information included in the Annual Report and Financial Statements, 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. In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZODIAC EUROPE FINANCE COMPANY LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; 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 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.
- the Directors were not entitled to prepare the Financial Statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal controls as the Directors determine is necessary to enable the preparation of the 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZODIAC EUROPE FINANCE COMPANY LIMITED

- 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 in 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 journals and challenging the assumptions made by management in their significant accounting estimates, in particular in relation to the impairment of investments.

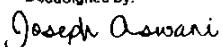
Our audit procedures were designed to respond to risks of material misstatement in the Financial Statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, 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 for the audit of the Financial Statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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:



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Joseph Aswani (Senior Statutory Auditor)
for and on behalf of BDO LLP
Statutory Auditor
London
United Kingdom

02 December 2021

ZODIAC EUROPE FINANCE COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	€'000	as restated €'000
Revenue	4	278	553
Cost of sales		(165)	(269)
Gross profit		113	284
Administrative expenses		(259)	(192)
Other operating income		1,051	1,088
Operating profit	5	905	1,180
Finance income	8	458	513
Bank charges	9	(24)	(33)
Profit before taxation		1,339	1,660
Taxation	10	6	-
Profit after taxation and total comprehensive income for the year		1,345	1,660

All results derive from continuing operations.

The accompanying Notes on pages 9 to 17 form an integral part of these Financial Statements.

ZODIAC EUROPE FINANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	€'000	€'000	(*As restated) €'000	€'000
Current assets					
Trade and other receivables	11	167		85	
Other financial assets:					
- amounts owed by group undertakings	13	22,954		23,386	
Cash at bank and in hand		262		130	
		<u>23,383</u>		<u>23,601</u>	
Current liabilities					
Trade and other payables	12	(865)		(2,575)	
Other financial liabilities:					
- amounts owed to group undertakings	13	(2,652)		(2,505)	
Net current assets			19,866		18,521
Net assets			19,866		18,521
Share capital and reserves					
Called up share capital	14		-		-
Translation reserve			189		189
Retained earnings			19,677		18,332
Total equity			19,866		18,521

* Refer to note 17

The accompanying Notes on pages 9 to 17 form an integral part of these Financial Statements.

These Financial Statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Financial Statements on pages 9 to 17 were approved by the Board on 1 December 2021 and were signed on its behalf by:


 P L Ford
 Director
 Zodiac Europe Finance Company Limited
 Company Registration No. 04664457

ZODIAC EUROPE FINANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	€'000	€'000	(*As restated) €'000	€'000
Current assets					
Trade and other receivables	11	167		85	
Other financial assets:					
- amounts owed by group undertakings	13	22,954		23,386	
Cash at bank and in hand		262		130	
		<u>23,383</u>		<u>23,601</u>	
Current liabilities					
Trade and other payables	12	(865)		(2,575)	
Other financial liabilities:					
- amounts owed to group undertakings	13	(2,652)		(2,505)	
		<u>—</u>		<u>—</u>	
Net current assets			19,866		18,521
Net assets			19,866		18,521
			<u>—</u>		<u>—</u>
Share capital and reserves					
Called up share capital	14		-		-
Translation reserve			189		189
Retained earnings			19,677		18,332
Total equity			19,866		18,521
			<u>—</u>		<u>—</u>

* Refer to note 17

The accompanying Notes on pages 9 to 17 form an integral part of these Financial Statements.

These Financial Statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Financial Statements on pages 9 to 17 were approved by the Board on 1 December 2021 and were signed on its behalf by:


 P L Ford
 Director
 Zodiac Europe Finance Company Limited
 Company Registration No. 04664457

ZODIAC EUROPE FINANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up Share capital €'000	Translation reserve €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2019 (As previously stated)	-	189	16,710	16,899
Prior period adjustment (Note 17)	-	-	(38)	(38)
Balance at 1 January 2019 (As restated)	-	189	16,672	16,861
Profit and total comprehensive income for the year as restated	-	-	1,660	1,660
Balance at 31 December 2019 (As restated)	-	189	18,332	18,521
At 1 January 2020	-	189	18,332	18,521
Profit and total comprehensive income for the year	-	-	1,345	1,345
At 31 December 2020	-	189	19,677	19,866

The accompanying Notes on pages 9 to 17 form an integral part of these Financial Statements.

The opening profit and loss account reserve at 1 January 2019 has been adjusted to reflect a prior period error related to the processing of the central billing fees of £38,496. This arose due to the one month delay in reversing the automatic Revenue Distribution System postings. The correction has been applied retrospectively, and the comparative information at 1 January 2019 and as 31 December 2019 has been restated.

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 General Information

The principal activity of the Company is to administer the issuance of prepaid vouchers for vehicle rental on behalf of companies operating under the Budget Rent A Car brand throughout the Europe, Middle East and Africa region. The Company is in the Avis Budget Group, Inc. group of companies. The Company is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2016 and registered in England and Wales. The address of its registered office is Avis Budget House, Park Road, Bracknell, RG12 2EW.

2 Accounting policies

2.1 Accounting convention

The Financial Statements have been prepared on the going concern basis, under the historical cost convention certain financial assets and liabilities measured at fair value through the statement of comprehensive income.

This Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments': Interest income/expense and net gains/losses for each category of financial instrument in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Not to disclose transactions with other entities within the same group.

The Financial Statements of the Company are consolidated in the financial statements of Avis Budget Group, Inc. These consolidated financial statements are available from its registered office, 6 Sylvan Way, Parsippany, NJ 075054 and www.avisbudgetgroup.com.

2.2 Going concern

At 31 December 2020 the Company had cash of €262k (2019: €130k), net current assets of €19,866k (2019: €18,521k), net assets of €19,866k (2019: €18,521k), and continued to operate as an intermediate finance company. When preparing Financial Statements, the Directors assessed the Company's ability to continue as a going concern.

In response to the current unprecedented circumstances, the Group accessed surplus equity in vehicle fleet, analysed the cash flows and estimated the available credit under an undrawn revolving credit facility to provide the Company with adequate liquidity. Various actions were taken to reduce the fleet and right size operations (including the use of certain available Government COVID-19 initiatives) for the expected downturn in reservations.

The Group is also coordinating with car rental associations internationally and working to secure access to the various social plans being implemented in Europe. Although it cannot be predicted, disruption in the global economy beyond the required liquidity availability of twelve months from the date of issue of the Financial Statements is not expected at this time. The assets and liabilities of the Company at this date constitute balances with other group undertakings. The Directors have received confirmation that Avis Budget Group Inc., the ultimate parent undertaking, will continue to provide adequate resources to enable the Company to continue in operation for at least twelve months from date of approval of the Financial Statements. Due to the Group wide cost reduction and business rationalisation measures taken and the effectiveness of the vaccine rollout in 2021, the Directors have a reasonable expectation that the Company has sufficient liquidity to operate through to December 2022 and beyond. The Directors have therefore adopted the going concern basis in preparing the Financial Statements.

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies

(Continued)

2.3 Revenue

Revenue comprises fees charged to Budget Rent A Car locations for administering the Budget prepaid voucher scheme. Revenue is recognised when the voucher is presented for payment by the renting location.

2.4 Other operating income

Other income comprises of no show, cancellation and understay fees. No show are fees earned for reservations where the customers did not show. Cancellation is the fee charged to customers for cancelling a reservation and understay is the fee a customer pays to use a car for a certain amount of days and under utilises the voucher. These are not deemed to be revenue earned from the primary operations of the Company.

2.5 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 Statement of Financial Position.

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.

2.6 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. Deferred tax balance are not discounted.

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies

(Continued)

2.7 Foreign currency

The Company's functional and presentation currency is Euro. Assets and liabilities denominated in foreign currencies 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.

2.8 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 Judgements 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. During the year there were no critical accounting judgements made by the Directors.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the Financial Statements.

Impairment of intercompany receivables

The Company has intercompany debtors and creditors, which it expects to be fully paid and received without a premium or discount. In assessing the recoverability of amounts 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.

Determination of intercompany transactions

To determine whether transactions with other subsidiary undertakings of the Company have been conducted on an arm's length basis, these decisions involve the input of internal and external tax advisors to the Company, including analysis of comparable companies and Groups who operate in similar markets to the Company.

Key sources of estimation uncertainty

Recoverability of the amounts owned by group undertakings

Amounts owned by group undertakings are unsecured and payable on demand. Amounts in the Statement of Financial Position are stated net of provisions for doubtful debt, and accordingly the maximum credit risk exposure is the carrying amount of the amounts owed by group undertakings. The uncertainty exists over the recoverability of such balances. The Directors have concluded that all such amounts are expected to be fully recoverable hence no allowance for bad debts has been made during the reporting period.

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Revenue

The principal activity of the Company is the issuance of prepaid vouchers for vehicle rental on behalf of fellow subsidiary companies and franchisees operating under the Budget Rent A Car brand.

Revenue analysed by geographical market	2020 €'000	2019 €'000
Europe	205	336
Other	61	111
UK & Ireland	12	106
	<u>278</u>	<u>553</u>

5 Operating profit

Operating profit for the year is stated after crediting/ (charging):	2020 €'000	2019 €'000
Foreign exchange losses	(5)	(158)
No show income	606	675
Understay income	196	329
Cancellation income	180	384
Foreign exchange gains	69	-
Prepay refunds	-	(300)
	<u></u>	<u></u>

6 Auditor's remuneration

The auditor's remuneration is borne by Avis Budget Services Limited, a fellow subsidiary undertaking. The cost has not been recharged to Zodiac Europe Finance Company Limited. The fee payable to the Company's auditors for the audit of the Company's financial statements for the year ended 31 December 2020 was €5,600 (2019: €1,100).

7 Directors' emoluments and employees

The Directors received no remuneration in respect of their services to the Company during the year (2019: €nil). The Directors are remunerated by other Group companies and it is not possible to accurately determine the allocation of the Director's remuneration related to the Company for the current or prior year.

The average monthly number of Directors during the year was 2 (2019: 3). There were no other employees during the year (2019: nil).

8 Finance income

	2020 €'000	2019 €'000
Interest receivable on loans to group undertakings	<u>458</u>	<u>513</u>

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Bank charges

	2020 €'000	2019 €'000
Bank interest	(24)	(33)

10 Taxation

Analysis of charge in year

	2020 €'000	2019 €'000
Origination and reversal of timing differences	(6)	-
Total deferred tax	(6)	-

Factors affecting the tax charge for the year

The standard rate of tax applied to the reported profit is 19% (2019: 19%). The differences between the total tax (credit)/charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2020 €'000	2019 as restated €'000
Profit before taxation	1,339	1,660
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	254	315
Group relief received for nil consideration	(259)	(311)
Transfer pricing adjustments	(1)	(4)
Taxation for the year	(6)	-

The Finance Act 2020 maintained the main rate of corporation tax at 19% from 1 April 2020. Legislation to increase the main rate of corporation tax to 25% from 1 April 2023 is included in Finance Act 2021 which was substantively enacted on 24 May 2021.

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Trade and other receivables

	2020 €'000	2019 €'000
Trade receivables	161	85
Deferred tax asset	6	-
	<u>167</u>	<u>85</u>

12 Trade and other payables

	2020 €'000	2019 €'000
Other payables	<u>865</u>	<u>2,575</u>

13 Inter-company items

	2020 €'000	2019 €'000
Amounts owed by group undertakings	22,954	23,386
Amounts owed to group undertakings	<u>(2,652)</u>	<u>(2,505)</u>
Net amounts owed by group undertakings	<u>20,302</u>	<u>20,881</u>

Amounts owed by group undertakings, and amounts owed to group undertakings, are unsecured and 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 group undertakings. No allowance for bad debts has been made as all amounts owed by group undertakings are expected to be fully recoverable.

Inter-company loans are fixed rate with a weighted average cost for amounts owed by group undertakings at 31 December 2020 of 2.04% (2019: 2.18%) and for amounts owed to group undertakings of 1.92% (2019: nil). There were no floating rate inter-company loans.

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Called-up share capital

	2020	2019
	€	€
Authorised		
100 Ordinary shares of £1 each	153	153
		<u> </u>
Allotted, issued and fully paid		
1 Ordinary share of £1 each	1	1
		<u> </u>

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

Retained earnings

The retained earnings reserve represents cumulative profit and losses net of dividends paid and other adjustments.

Translation reserve explanation

The translation reserve represents the cumulative exchange difference arising from the change in functional currency in 2016 from Sterling to Euros.

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 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.

16 Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of Zodiac Europe 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., 6 Sylvan Way, Parsippany, NJ 075054, 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 the registered office 6 Sylvan Way, Parsippany, NJ 075054 and www.avisbudgetgroup.com.

17 Prior period adjustment

As at 31 December 2020, the Company corrected errors in relation to the processing the central billing fees resulting in a prior period adjustment of revenue and prior year opening retained earnings. This arose due to three separate issues; a one month delay in updating automatic revenue journals, the correction of an intercompany posting errors and the correction of a duplicate posting incorrectly allocated to revenue. The errors arose as a result of revenue amounts being immaterial for group purposes therefore not corrected. The corrections have been applied retrospectively, and the comparative information at 1 January 2019 and 31 December 2019 has been restated. The overall correction resulted in a decrease of €38k in the shareholder's funds as at 1 January 2019 and a decrease in revenue of €55k as at 31 December 2019.

Changes to the statement of financial position

	As previously reported 31 Dec 2019	Adjustment	As restated at 31 Dec 2019
	€'000	€'000	€'000
Current assets			
Trade debtors	179	(94)	85
- amounts owed by group undertakings	23,228	158	23,386
Creditors due within one year			
- amounts owed to group undertakings	(2,458)	(47)	(2,505)
Capital and reserves			
Profit and loss	18,315	17	18,332

ZODIAC EUROPE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Prior period adjustment

(Continued)

Changes to the statement of financial position

	As previously reported 1 Jan 2019 €'000	Adjustment €'000	As restated at 1 Jan 2019 €'000
Current assets			
- amounts owed to group undertakings	20,972	(38)	20,934
Creditors due after one year			
- amounts owed to group undertakings	(2,329)	-	(2,329)
Capital and reserves			
Profit and loss	16,710	(38)	16,672

Changes to the income statement

	As previously reported 31 Dec 2019 €'000	Adjustment €'000	As restated at 31 Dec 2019 €'000
Year ended 31 December 2019			
Revenue	498	55	553
Profit after tax and total comprehensive income for the year	1,605	55	1,660