

Enterprise Rent-A-Car UK Limited

Consolidated Report and Financial Statements

For the year ended 31 July 2020



Enterprise Rent-A-Car UK Limited

Registered No. 2946689

DIRECTORS

Ricky A. Short – U.S. National
Michael W. Andrew Jr. – U.S. National
Michael R. Marshall

SECRETARY

Jay P. Golder

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The directors present the strategic report for the year ended 31 July 2020.

REVIEW OF THE BUSINESS

The primary business of Enterprise Rent-A-Car UK Limited (the "Group") is the renting of vehicles in the United Kingdom ("UK"). The Group is comprised of the main trading company (the "Company") in addition to other subsidiary companies. The Group is a direct wholly owned subsidiary undertaking of Enterprise Rent-A-Car UK Holdings Ltd. The Group is an indirect wholly owned subsidiary undertaking of Enterprise Rent-A-Car European Holdings Limited, which is a direct wholly owned subsidiary of the United States ("US") Intermediate Parent Company, Enterprise Holdings, Inc. (the "US Parent") based in the state of Missouri in the United States of America.

To support the operations, the Group engages in fleet acquisition and vehicle maintenance as well as vehicle disposition through wholesale vehicle channels. Funding for the acquisition of fleet vehicles is secured through UK operational cash flows and intercompany loans from ERAC UK Finance Ltd, a fellow subsidiary company of Enterprise Rent-A-Car UK Holdings Ltd. Whilst forecasting, sourcing, and management of the rental fleet is controlled independently by the Group, the availability and cost of financing is controlled by a centralised treasury function of the US Parent via ERAC UK Finance Ltd.

In March 2020, the World Health Organization declared a pandemic resulting from the COVID-19 viral disease ("COVID-19"). In response to COVID-19, local and national governments around the world instituted shelter-in-place and similar orders and travel restrictions. As a consequence, there was a significant decrease in economic activity. The travel and leisure industry was especially impacted, with a significant decrease in reservations and customer demand as both corporate business and leisure travel rentals slowed during this period. From the onset of COVID-19, the directors made the difficult but necessary decision to restructure the UK business along with many other cost reduction measures including reducing all discretionary spending. Due to the flexibility of the business model and ongoing financial and strategic support from the US Parent, the Group has been able to respond quickly to the unpredictable nature of the COVID-19 situation as it unfolds. While the COVID-19 global health crisis has been extremely tough on the travel industry, the directors are confident that the long and short-term plans put in place have ensured that the Group can continue to serve customers and to provide critical transportation options that support emergency services, utilities, the military and local governments in their efforts. Furthermore, the UK government has recognised vehicle rental companies as an "essential services provider" so the Group is able to continue operating as the directors see fit during any future lockdowns, in line with national government health and safety guidelines and with the safety of employees and customers as the top priority.

The Group's key financial and performance indicators during the year were as follows:

	2020 £000	2019 £000	Change
Turnover	1,006,605	975,330	3.2%
(Loss)/profit after tax	(26,458)	17,839	(248.3)%
Gross margin percent	25.1%	31.1%	(6.0) ppts
Finance coverage ratio	0.47	1.82	(1.35)
Debt-to-equity ratio	6.68	6.86	0.18
Average employees (including part-time)	5,951	5,038	18.1%

For the year ended 31 July 2020, the Group reported a 3.2% increase in turnover to £1,006,605,000 (2019: £975,330,000). The Group generated a loss after tax of £26,458,000 (2019: profit of £17,839,000).

Gross margin percentage decreased over prior year by 6.0 ppts primarily due to an increase in vehicle expense as a percentage of revenue compounded by idle fleet utilisation during the COVID-19 lockdown.

PRINCIPAL RISKS AND UNCERTAINTIES

The rental car market in the UK is highly competitive and the Group strives to distinguish itself from its competitors by providing exceptional customer service. The Group believes that a strong commitment to providing exceptional customer service will lead to repeat future rental business and continued growth over time. One of the key components to providing exceptional customer service in the UK is the ability to offer prospective referral sources and customers adequate geographical coverage of branches and vehicles throughout the country.

The Group's operations expose it to a variety of financial risks that include liquidity risk, residual value risk, interest rate risk, currency risk and credit risk. Given the organization of the Group, senior management of the Group and the US Parent, are responsible for setting policies to monitor financial risks. These policies are implemented by the Group's business management department.

COVID-19 pandemic

COVID-19 has affected the global economy, including the economies and industries in which the Group operates. However, there remains a great amount of uncertainty as to what the long-term impact of the virus is going to be on the UK business. Although the financial results of the Group have been affected by the COVID-19 pandemic, the business has remained stable and has seen growth in both demand and revenue during the year despite the unforeseen market conditions. The Group is well placed to react swiftly to the changing nature of the market and have taken numerous proactive steps to mitigate the risk and adapt the business accordingly.

As part of the Complete Clean Pledge, the Group has expanded its already rigorous cleaning protocols following guidance from leading health authorities and in partnership with the travel industry. Employees are trained to implement new and more comprehensive mandates that include enhanced cleaning guidance for vehicles, shuttles and branch locations, as well as social distancing practices. This includes vacuuming, general wipe down, and sanitising with a disinfectant that meets leading health authority requirements, with particular attention to more than 20-plus high-touch points.

The directors continue to monitor the situation closely and assess the needs of customers and employees, whilst considering the best long-term interests of the Group.

Withdrawal from the European Union

On 23 June 2016, the UK held a general vote in which the majority voted for the UK's withdrawal from the European Union ("Brexit"). The impact of Brexit could adversely affect the geopolitical, economic, and market conditions in the UK. While the withdrawal was effective January 2020, the transition period lasted until 31 December 2020 where the interaction and trade agreements in place between the UK and the European Union remained unchanged during that time. As of 1 January 2021, the UK and European Union have approved and implemented a new trade agreement (the Trade and Cooperation Agreement or the "TCA"). Due to the uncertainty surrounding the impact of the TCA on the UK business, it is difficult to evaluate the potential impacts that Brexit will have on the Group's operations and financial performance.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Liquidity risk

The Group finances the purchase of rental vehicles through funds provided from operations and its ongoing borrowing programmes. If the Group were unable to borrow on advantageous terms, because of credit rating downgrades, higher market interest rates or other reasons, it may be unable to maintain or increase the size of its fleet, replace its existing vehicles with new vehicles in accordance with its fleet cycling plans and/or offer competitive rental rates. These factors could reduce the satisfaction rates of the Group's customers and have a material adverse effect on the Group's results of operations and financial condition. The Group mitigates this risk by managing the cash generation of its operations and through intercompany financing, as required. The Group also has access to ongoing funding from the US Parent, as required.

Residual value risk

Residual value risk is the risk that a vehicle's market value at the time it is sold will be less than its depreciated value. It is difficult to predict the impact or timing of factors that influence used vehicle resale values. In determining estimated residual values and depreciation rates on vehicles, management considers many factors, including used car market conditions, anticipated holding periods, fleet mix, buyback guarantees and historical experience. Management regularly monitors residual values and the need, if any, to adjust depreciation rates.

Interest rate risk

The Group attempts to balance its current interest costs and exposure to interest rate volatility by managing the fixed and floating interest rate components and duration of its debt portfolio. Overall, the directors consider interest rate risk to be at an acceptable level and that no hedging of interest rates is necessary at this time.

Currency risk

The Group has minimal transactional currency exposure which arises from sales and purchases in currencies other than its functional currency. The directors consider currency risk to be at an acceptable level and therefore no hedging of currency exposures is considered necessary at this time.

Credit risk

There is a risk of financial loss to the Group arising from the failure of the Group's customers to meet their financial obligations for vehicle rentals or wholesale vehicle purchases from the Group. In addition, there is a risk that automobile manufacturers may not be able to meet their contractual commitments to the Group. The Group manages these situations through credit control procedures and the directors are of the view that the risk is at an acceptable level.

SECTION 172 STATEMENT

This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172 of the Companies Act 2006 ("Section 172").

Section 172 requires directors to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders as a whole. The directors receive guidance on their duties from the Company Secretary, including in relation to Section 172, and have been briefed on these reporting requirements.

The Company considers its key stakeholder groups to be:

- Employees,
- Customers and suppliers, and
- Community/Society/Environment.

SECTION 172 STATEMENT (CONTINUED)

The directors have used the *Wates Corporate Governance Principles for Private Companies* to establish a corporate governance code and have applied this set of guiding principles to the performance of their duties as follows:

1. Purpose and Leadership

The Company's mission is as follows:

- Be the best transportation service provider in the world.
- Exceed customer expectations in terms of service, quality and value.
- Provide employees with a great place to work.
- Serve the community as a committed corporate citizen.

Throughout the fiscal year the directors have ensured that these goals have been considered in their decision-making process. The directors acknowledged their duty to promote the success of the Company and act with integrity in all matters and set this same expectation for all employees and business partners through the Enterprise Holdings Code of Conduct. Each employee, including the directors, must complete mandatory online training on the Enterprise Holdings Code of Conduct.

Enterprise Holdings' Founding Values are integral to the success of all employees, are designed to inform them of the expected behaviours and practices throughout the organisation and are integrated into the business functions and operations. Demonstrable evidence of adhering to and promoting these values is a key component of any promotion opportunity within the Company.

The directors recognise that a healthy culture is vital to the Company's competitive advantage and long-term value, and this is supported by the overall global business model being designed to encourage and promote the long-term, sustainable growth of the organisation. This culture and strategy is clearly articulated by the directors and the Executive Board at the US Parent level in every company-wide communication, including via email and virtual town hall meetings.

A robust and well-publicised whistleblowing policy is in place to both enforce and monitor compliance with the Enterprise Holdings Founding Values and Code of Conduct and ensures a balance between short-term targets and long-term aspirations.

2. Board Composition

The board is comprised of members that have an effective balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. All directors have attended and contributed to all board meetings held during the year. The size and composition of the board has been deemed appropriate given the relative size and complexity of the Company, and the directors will continue to ensure that the board remains effective and appropriately composed.

3. Board Responsibilities

The directors receive guidance on their duties from the Company Secretary, including in relation to Section 172, and have been briefed on these reporting requirements. The board and individual directors have a clear understanding of their accountability and responsibilities, with training and updates on the duties of a director performed at regular intervals or in the event of a new board member being appointed. The board's policies and procedures support effective decision-making and independent challenges.

SECTION 172 STATEMENT (CONTINUED)

4. Opportunity and Risk

The culture of the Company has always been one that supports and promotes the long-term, sustainable success of the Company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks. The Company has been owned by the Taylor Family since it was first started by Jack Taylor in 1957, and the Taylor Family have had the same ethos of prioritising employee and customer needs ahead of short-term profitability. The directors each have close interaction with and oversight of the relevant risks for their respective area of responsibility in the Company; these risks and their mitigating controls are documented in a UK Risk Register which is updated frequently, and reviewed on a quarterly basis by the Risk Register Committee.

5. Remuneration

Executive remuneration structures are closely aligned to the long-term sustainable success of the Company, and specifically tailored to each of the directors' area of responsibility and oversight.

6. Stakeholder Relationships and Engagement

Stakeholder engagement has been developed to reflect the core activities of the Company, namely:

- Providing long, medium, and short-term vehicle hire and travel management services to customers across a network of over 420 rental branches and depots in the UK;
- Contributing to the high standard of vehicles on the UK's roads, through fleet acquisition,
- Maintenance and disposition activity;
- Providing regional administrative, shared service, and corporate business support services to our UK branch network,
- As a wholly owned subsidiary of The Crawford Group, Inc., the ultimate parent company and controlling party.

Employees

Integral to the Company's corporate culture is the development of employees and a "promote from within" recruitment policy. This ensures a thorough understanding and appreciation of business operations, corporate values and culture, and also ensures consistency throughout the organisation. Employee engagement is therefore critical to the long-term success of the Company. The Company embraces and understands that collective success is better achieved with an engaged, motivated and highly committed workforce.

The Company has an internal social media application, "Pulse", that is available to all employees both online and via smartphone. Pulse is designed to be a flexible and efficient method of communicating and sharing company news, updating on activities and events, transmitting high-level messages and keeping employees connected around the world.

"The Hub" is the Company's intranet site and contains a wide range of useful information for employees, such as policies, templates, and best practice guides. Any employee or team can create a page in The Hub to share relevant information and exchange feedback, ideas, and solutions. The Company also releases regular Employee Opinion Surveys open to all staff, who are encouraged to provide honest, anonymous feedback via an online, externally hosted portal. The response rates from these surveys are consistently high, and the employee satisfaction, engagement and inclusion results are used to improve communication and drive positive change in the working environment.

SECTION 172 STATEMENT (CONTINUED)

Customers and suppliers

The Company maintains an unwavering commitment to customer service, from a focus on complete customer satisfaction to directly linking professional promotion opportunities to the actual level of service provided. Total customer satisfaction is the principle that has guided the Company throughout its journey so far and remains firmly ingrained in its culture today. From the beginning there has been a focus on providing customers with a level of service that keeps them retained across our brands. To maintain that approach the Company has a stringent yet inclusive recruitment policy and provides thorough training from the day they become frontline employees.

The Company embraces customer feedback and understands their needs, which leads to opportunities: from small ways to serve them better, to new lines of business that open up exciting growth prospects. It is deeply understood and appreciated that an open, thought-based exchange of ideas is critical to maintaining a high standard of service and personal success. The Company conducts telephone surveys of customers each month. Each branch location receives a rating based on the percentage of its customers who claim to be completely satisfied with their latest rental experience. That rating is the standard of customer service that is then used to drive better service, and both individuals and locations are performance measured on their results. Local trading scores are compared to the company average and play an important role in employee compensation and promotion decisions.

The Company's Supplier Code of Conduct is issued to all new suppliers and ensures clear expectations are set for our business partners in respect to the Company's commitment to maintaining the highest standards of quality, integrity, excellence, safety, legal compliance and respect for human rights. The code also outlines expectations to respect the customs and culture of the communities we serve. The Supplier Code of Conduct is also published on the Company website.

The Company's Supplier Diversity Policy demonstrates its commitment to maximising opportunities for minority- and women-owned businesses, as well as other socially or economically disadvantaged small enterprises. The Company engages with both local and national businesses to help identify, select, and do business with suppliers who can meet quality, timeline, capacity, and pricing requirements, with the overall mission being to partner with suppliers who resemble the communities in which the Company operates.

Community/Society/Environment

The Company has a presence in thousands of communities, and the directors realise that success is attributable to the support and goodwill of people who live in those communities and do business with the Company.

The Company also has a firm commitment to sustainable development. As a family-owned business, the need to operate with the next generation in mind is always at the forefront of decisions. This deep sense of management plays every day in the way the Company and supply chain are managed, continually balancing the interests of customers, suppliers, and employees, with the communities in which the Company operates. The Company has partnered with many different stakeholders who not only share the corporate values and commitment to maintaining the highest standards, but also help promote sustainability. The Company therefore maintains a healthy balance between these critical factors and those that are essential for continued long-term growth and for the sustainability of the car rental industry in general. These commitments are articulated in the US Parent Corporate Sustainability reports and updates, and the Company holds itself accountable for meeting them.

SECTION 172 STATEMENT (CONTINUED)

Community/Society/Environment (continued)

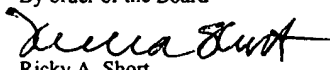
The directors firmly believe that excellent customer service, integrity, employee opportunity and community relationships go hand in hand with business growth. The selection of providers helps meet this belief and supports the Company's overall corporate social responsibility strategy. The Company strives to honour the people and environment in which it operates by:

- acting with honesty, integrity and fairness at all times;
- providing employees with a safe and comfortable working environment;
- offering customers a selection of fuel-efficient alternatives, including hybrids and electric vehicles when available;
- minimising the impact on the environment by reducing carbon footprint and waste;
- ensuring that new and adapted facilities are designed, built and managed, through a comprehensive framework for sustainable construction;
- working with suppliers to increase sustainable supply chain performance;
- valuing diversity, and seeking to represent suppliers and employees that fully reflect the communities served;
- contributing to local communities through charitable donations and employee volunteer efforts;
- complying with all relevant laws and regulations;
- operating fuel systems in a safe and responsible manner; and
- listening to stakeholders, responding to their concerns and communicating regularly with them.

Tax strategy

The directors are committed to acting with integrity and transparency in all tax matters, complying fully with UK tax laws, computing tax liabilities accurately, and paying taxes timely. The directors also exercise diligence in adopting adequate procedures designed to prevent evasion of UK or foreign taxes or facilitating evasions by others when acting for the Group. Tax risk is mitigated by utilising an internal audit team to review compliance with internal accounting policies and procedures and employing qualified accountants that understand tax issues and identify areas of tax uncertainty. The directors also recognize the Group's responsibility to pay all taxes required by law where it operates, and balances that with its responsibility to its stakeholders to structure its affairs in a prudent business manner. When structuring the Group's tax affairs, the directors avoid behaviour which could be contrary to existing anti abuse legislation, have a low tolerance for tax risk and do not engage in aggressive tax planning. The Group's Tax Strategy document is publicly available and published in full on the Group's website.

By order of the Board


Ricky A. Short
Director

Date: 2 February 2021

The directors present the report for the year ended 31 July 2020.

DIRECTORS OF THE GROUP

The directors are listed on page 1. Ricky A Short served throughout the year and up to the date of this report. Michael W. Andrew Jr. and Michael R. Marshall were appointed on 11 October 2019 and served up to the date of this report.

DIVIDENDS

The directors do not recommend the payment of a dividend (2019: £nil).

FUTURE DEVELOPMENTS

During 2021, management is forecasting a decrease in rental revenue due to the ongoing COVID-19 pandemic ("COVID-19") and the impact this is expected to have on airport rental business. While no significant acquisitions are planned in the foreseeable future, Enterprise Rent-A-Car UK Limited (the "Group") remains committed to the long-term goal of becoming a complete mobility provider and will assess business opportunities as they arise.

EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

In preparing the accompanying financial statements, the Group has reviewed subsequent events that have occurred after 31 July 2020. A third mandatory COVID-19 lockdown was introduced in the United Kingdom ("UK") in December 2020, but having adapted the UK business to accommodate these legal restrictions in previous lockdown periods, the Group has not experienced any material unforeseen impact since the Statement of Financial Position date. Furthermore, since the completion of the UK's withdrawal from the European Union ("Brexit") on 31 December 2020 and a formal separation deal being reached between the UK and the European Union, the Group has noted no material impact to the UK business. The Group has therefore noted no reportable subsequent events.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposure to liquidity, residual value, interest rate, currency and credit risks are described on pages 3 and 4.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within its current financial resources for the foreseeable future. Consequently, the directors believe that the Group is well-placed to manage its business risks successfully despite the current uncertain economic outlook.

In undertaking a going concern review, the Group's directors have made enquiries of the directors of the United States ("US") Intermediate Parent Company, Enterprise Holdings, Inc. (the "US Parent"), and reviewed financial and other relevant information of the Group including budgets and cash flow forecasts through 31 July 2022. The US Parent reviews financial budgets and cash flow forecasts that include the Group for a period of five years. The Group benefits from centralised treasury arrangements and banking arrangements with the US Parent and fellow subsidiaries via ERAC UK Finance Ltd, a fellow subsidiary company of Enterprise Rent-A-Car UK Holdings Ltd. These centralised arrangements are managed by the US Parent and all necessary funding for its subsidiaries is provided by the US Parent's treasury arm. The US Parent has indicated its intention to provide financial support as necessary for the Group to continue in operation and to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

GOING CONCERN (CONTINUED)

The directors acknowledge that the Group Statement of Financial Position shows a net current liability position for fiscal year 2020 of £1,307,400,000. The largest current liability contributing to this result is amounts owed to fellow subsidiary undertakings of £1,381,589,000 (see note 16), which is largely comprised of short-term borrowings from ERAC UK Finance Ltd. The directors have obtained assurances that the short-term borrowing will continue to be extended by ERAC UK Finance Ltd. for a period of no less than 12 months from the date of signing of the financial statements. Furthermore, the directors note that these short-term borrowings have primarily been used to finance the acquisition of vehicle equipment with a net book value of £1,346,506,000 (see note 13), and that the value of the non-current assets largely offsets the current liabilities attributable to the short-term borrowings from the UK finance subsidiary. The directors also believe that the Group's decision to continue refinancing through intercompany loans from the US Parent, via ERAC UK Finance, remains consistent with the overall business strategy of long-term, sustainable growth in the UK and is in line with the historic and future expectations of shareholders.

The impact of COVID-19 is placing a strain on many businesses and industries at present. There still remains a great amount of uncertainty as to what the long-term impact of the virus is going to be but, after making detailed enquiries and performing scenario planning, the directors have concluded that they have no reason to believe that uncertainties exist that may cast significant doubt about the ability of the Group to continue as a going concern. The directors have considered the forecast cashflows of the Group, considering a reasonable worst case impact of COVID-19 on the operations and performance of the business, in addition to the proven historical resilience and flexibility of the Group during similar periods of economic uncertainty and upheaval. Taking these forecasts into account, as well as the fiscal 2020 results and fiscal 2021 results to date, the directors believe that the Group has sufficient cash reserves to continue as a going concern for a period of at least 12 months from the approval of these financial statements. Accordingly, the directors have a reasonable expectation that the Group will continue its operational existence for the foreseeable future, and thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

DIRECTORS' LIABILITIES

The Group has granted indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in Section 234 of the Companies Act 2006 (the "Act"). Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' Report.

EMPLOYEE INVOLVEMENT

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the Group has been continued through the online newsletter and social networking application, "Pulse", in which employees have also been encouraged to present their suggestions and views on the Group's performance and activities. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the Group's profit sharing schemes.

DISABLED EMPLOYEES

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

STREAMLINED ENERGY AND CARBON REPORTING

This is the first year that the Group has been required to report greenhouse gas ("GHG") emissions and energy usage in the Directors' Report in line with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

STREAMLINED ENERGY AND CARBON REPORTING (CONTINUED)

For fiscal year 2020, the directors have concluded that the GHG emissions and energy usage data is not practically obtainable. Following the retirement of a previous energy usage tracking platform in July 2019, it was intended that this would be replaced by a new platform in fiscal year 2020. However due to the unforeseen circumstances surrounding the COVID-19 pandemic and subsequent national lockdowns, the replacement platform has not yet been made available by the supplier. This has been compounded by the temporary and recurring closure of administrative offices and rental branches in the UK, with limited access to the source data on which to base the Streamlined Energy and Carbon Report ("SECR"). The Company is committed to producing accurate, meaningful, and comparable financial and non-financial information in these financial statements, and the directors' decision not to disclose GHG emissions and energy usage under the SECR requirement has been made with this in mind.

The Group is also committed to operating with the next generation in mind. This deep sense of stewardship plays out day-to-day in how the Group and supply chain are managed; by continuously balancing the interests of customers, employees and the parts of the world touched by the business. For example, the Group currently works with ClimateCare in the UK to help customers minimize the impact of their vehicle rental by purchasing carbon offsets that support renewable energy projects. Globally, the US Parent was responsible for announcing the car rental industry's first carbon offset program in 2007.

The directors are aware that keeping a healthy equilibrium is essential to steady, long-term growth and the sustainability of the car rental industry overall. The US Parent has a Global Sustainability department dedicated to articulating this commitment, supporting the global business, and holding the Group accountable to deliver on it. As such the directors will strive to ensure that reliable SECR data is available to be reported in fiscal year 2021.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving the Directors' Report are listed on page 1. Having made enquiries of the Group's auditors, the directors confirm that:

- to the best of the directors' knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditors are unaware; and
- the directors have taken all the steps the directors might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

RE-APPOINTMENT OF AUDITORS

In accordance with Section 485 of the Act, a resolution to reappoint Ernst & Young LLP as the Group's auditors will be put to the members at the Annual General Meeting.

By order of the Board



Ricky A. Short
Director

Date: 2 February 2021

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 United Kingdom ("UK") Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). 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 Enterprise Rent-A-Car UK Limited (the "Group") and of the profit or loss of the Group for that period.

In preparing those 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006 and to enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENTERPRISE RENT-A-CAR
UK LIMITED

Opinion

We have audited the financial statements of Enterprise Rent-A-Car UK Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 July 2020 which comprise Group Statement of (Loss)/Income and Retained Earnings, Group Statement of Financial Position, Company Statement of Financial Position and the related notes 1 to 23, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 July 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 2 of the financial statements, which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting consumer demand. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 parent company 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 directors' responsibilities statement set out on page 12, 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 group's and the parent 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 group or the parent 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.



*Paul Etherington (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading*

Date: 8 February 2021

Enterprise Rent-A-Car UK Limited

GROUP STATEMENT OF (LOSS)/INCOME AND RETAINED EARNINGS for the year ended 31 July 2020

	<i>Note</i>	<i>2020</i> <i>£000</i>	<i>2019</i> <i>£000</i>
TURNOVER	4	1,006,605	975,330
Cost of sales		(753,644)	(671,683)
GROSS PROFIT		252,961	303,647
Administrative expenses		(244,479)	(238,966)
Other operating income	8	10,607	-
OPERATING PROFIT	5	19,089	64,681
Interest payable	9	(40,551)	(35,559)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(21,462)	29,122
TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	10	(4,996)	(11,283)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(26,458)	17,839
Retained earnings at the beginning of the year		181,333	163,494
(Loss)/profit for the year		(26,458)	17,839
RETAINED EARNINGS AT THE END OF THE YEAR		154,875	181,333

All operations of the Group relate to continuing activities.

GROUP STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

The Group has no other comprehensive (loss)/income for the year other than those included in the Statement of (Loss)/Income and Retained Earnings. Therefore, no separate Statement of Comprehensive (Loss)/Income has been prepared.

Enterprise Rent-A-Car UK Limited

GROUP STATEMENT OF FINANCIAL POSITION at 31 July 2020

	Note	2020 £000	2019 £000
FIXED ASSETS			
Goodwill and intangible assets	12	100,315	113,498
Tangible fixed assets	13	1,417,193	1,618,978
		<u>1,517,508</u>	<u>1,732,476</u>
CURRENT ASSETS			
Debtors	15	403,523	401,281
Cash at bank and in hand		14,120	18,883
		<u>417,643</u>	<u>420,164</u>
CREDITORS: amounts falling due within one year	16	(1,725,043)	(1,917,809)
NET CURRENT LIABILITIES		<u>(1,307,400)</u>	<u>(1,497,645)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>210,108</u>	<u>234,831</u>
PROVISIONS FOR LIABILITIES AND CHARGES	17	(3,261)	(1,526)
NET ASSETS		<u><u>206,847</u></u>	<u><u>233,305</u></u>
CAPITAL AND RESERVES			
Called-up share capital	18	51,972	51,972
Retained earnings		154,875	181,333
SHAREHOLDER'S FUNDS		<u><u>206,847</u></u>	<u><u>233,305</u></u>

Approved by the Board and signed on its behalf by:



Ricky A. Short
Director

Date: 2 February 2021

Enterprise Rent-A-Car UK Limited

COMPANY STATEMENT OF FINANCIAL POSITION at 31 July 2020

	Note	2020 £000	2019 £000
FIXED ASSETS			
Goodwill	12	97,513	6,223
Tangible fixed assets	13	1,417,152	979,897
Investments	14	-	202,337
		<u>1,514,665</u>	<u>1,188,457</u>
CURRENT ASSETS			
Debtors	15	402,894	361,069
Cash at bank and in hand		11,094	2,511
		<u>413,988</u>	<u>363,580</u>
CREDITORS: amounts falling due within one year	16	(1,705,387)	(1,327,061)
NET CURRENT LIABILITIES		<u>(1,291,399)</u>	<u>(963,481)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>223,266</u>	<u>224,976</u>
PROVISIONS FOR LIABILITIES AND CHARGES	17	(3,261)	(1,331)
NET ASSETS		<u>220,005</u>	<u>223,645</u>
CAPITAL AND RESERVES			
Called-up share capital	18	51,972	51,972
Retained (deficit)/earnings		(22,068)	171,673
Dividends received		292,080	-
Merger reserve		(101,979)	-
SHAREHOLDER'S FUNDS		<u>220,005</u>	<u>223,645</u>

Approved by the Board and signed on its behalf by:


Ricky A. Short
Director

Date: 2 February 2021

Enterprise Rent-A-Car UK Limited

NOTES TO THE ACCOUNTS

at 31 July 2020

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 102 ACCOUNTING POLICIES

The financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102") as it applies to the financial statements as at 31 July 2020.

The financial statements for the year ended 31 July 2020 were authorised for issue by the board of directors on 2 February 2021 and the Statement of Financial Position was signed on the board's behalf by Ricky A. Short on 2 February 2021.

Enterprise Rent-A-Car UK Limited (the "Group") is incorporated and domiciled in England and Wales. The registered office is Enterprise House, Melburne Park, Vicarage Road, Egham, Surrey, TW20 9FB.

The financial statements are presented in Sterling (£) which is the functional currency. Monetary amounts are rounded to the nearest thousand (£'000) except when otherwise indicated.

The principal accounting policies adopted are set out below in note 2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting convention and basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with FRS 102 and the Companies Act 2006 (the "Act").

Reporting exemptions

The Group is a wholly owned subsidiary of Enterprise Rent-A-Car European Holdings Limited, a company incorporated in England and Wales, which publishes consolidated accounts that are publicly available from Companies House, and has taken advantage of the following disclosure exemptions under FRS 102:

- Exemption to not prepare a cash flow statement as it is included in the consolidated financial statements of Enterprise Rent-A-Car European Holdings Limited.
- Exemption not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate parent company and controlling party.
- Exemption not to disclose key management personnel compensation.
- Exemption not to disclose a reconciliation of shares outstanding.

Basis of consolidation

The Group financial statements consolidate the accounts of Enterprise Rent-A-Car UK Limited and all its subsidiary undertakings, drawn up to 31 July each year. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the control ceases. Control is established when a company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. No Statement of (Loss)/Income and Retained (Deficit)/Earnings is presented for the Company as permitted by Section 408 of the Act.

Enterprise Rent-A-Car UK Limited

NOTES TO THE ACCOUNTS

at 31 July 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern

Notwithstanding net current liabilities of £1,307,400,000 as of 31 July 2020 (2019: £1,497,645,000), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate as they consider that the Group will continue to meet its obligations as they fall due for the foreseeable future. The Group has continued to meet its liabilities as they have fallen due. The United States ("US") Intermediate Parent Company, Enterprise Holdings, Inc. (the "US Parent"), has expressed continuing financial support for a period of at least one year from the date of approval of these financial statements.

In March 2020, the World Health Organization declared a pandemic resulting from the COVID-19 viral disease ("COVID-19"). Due to the flexibility of the business model and ongoing financial and strategic support from the US Parent, the Group has been able to respond quickly to the unpredictable nature of the COVID-19 situation as it unfolds. There still remains a great amount of uncertainty as to what the long-term impact of the virus is going to be but, after making detailed enquiries and performing scenario planning, the directors have concluded that they have no reason to believe that uncertainties exist that may cast significant doubt about the ability of the Group to continue as a going concern.

Rental operations

Rental turnover consists primarily of fees from vehicle rentals and the sale of related rental products.

Rental turnover is recognised as the vehicles are utilised by renters. Maintenance and repairs of rental vehicles are charged to the profit and loss account as incurred. Vehicle tax and license costs are amortised over the respective tax period or estimated remaining period the vehicle is expected to be in service, whichever is appropriate.

Government support

In fiscal 2020, the UK government formed The Coronavirus Job Retention Scheme ("JRS"), which allows for businesses to submit claims for repayment of furlough or flexible furlough employee wages as a result of COVID-19. The Group submitted claims to the JRS and received support that is included in other operating income in the Statement of (Loss)/Income and Retained Earnings.

Government support is recorded when estimable, the application has been submitted, and the Group is reasonably certain of collection.

Goodwill and intangible assets

Goodwill and intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Positive goodwill and intangible assets acquired on each business combination are capitalised, classified as an asset on the Statement of Financial Position and amortised on a straight-line basis over its useful life.

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising from business combinations (see note 12). This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect to similar businesses.

At each reporting date, the carrying value of goodwill and intangible assets are reviewed for any indications of impairment. If there is an indication of possible impairment, the recoverable amount of the cash generating units to which the goodwill and intangible assets are attributed is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. During fiscal 2020 and 2019, the Group did not identify any potential impairment of its goodwill and intangible assets.

NOTES TO THE ACCOUNTS

at 31 July 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Rental vehicles are depreciated using the straight-line method at predominately 1.7% of cost per month, except for commercial rental vehicles operated by the flexible/long-term rental operations, which are depreciated at 1.4% of cost per month for heavy goods vehicles and 1.7% of cost per month for light goods vehicles. The Group disposes of used vehicles through wholesale markets. At the time of disposal, any differences between proceeds received and net book values are recorded as adjustments to cost of sales.

Depreciation on freehold buildings, furniture and equipment, computer equipment and software is provided on a straight-line basis over the estimated useful lives of the assets, generally twenty years for buildings and two to five years for furniture and equipment, computer equipment and software. Leasehold improvements are amortised over the shorter of the remaining anticipated lease term or the estimated useful life of the improvements, not to exceed twenty years.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments (Company only)

Fixed assets investments are stated at cost less provision for impairment. The carrying value of investments is reviewed for impairment, if events or changes in circumstances indicate the carrying value may not be recoverable.

During the year, the operations for Repair Funding Limited ceased and the carrying value of the investment was deemed to be unrecoverable. As a result, the Company recognised a £2,191,000 impairment charge.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisitions and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans from related parties.

Short-term debtors are measured at transaction price, less any impairment (see note 15). Debtors are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of (Loss)/Income and Retained Earnings.

Short-term creditors are measured at transaction price (see note 16).

Leases

Rentals under operating leases are charged on a straight-line basis over the period of the lease.

Provisions for liabilities and charges

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The effect of the time value of money is not material and therefore the provisions have not been discounted.

NOTES TO THE ACCOUNTS

at 31 July 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred at that date which will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Provision is made for gains on disposal of tangible fixed assets that have been rolled over into replacement assets, only to the extent that, at the Statement of Financial Position date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the Statement of Financial Position date, it is more likely than not that the taxable gain will be rolled over in to replacement assets and charged to tax only where the replacement assets are sold; and
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted at the Statement of Financial Position date.

Acquisitions

In April 2019, the Group's fully owned subsidiary, Entegral Holdings Limited (formerly known as ARMS Business Solutions, LLC), acquired E.M.A Computer Solutions (2018) Limited ("EMACS"), a software company that has developed an award-winning bodyshop management system. The acquisition reinforces the Group's management information tools it provides to body shops, providing its business partners with increased visibility of the repair process, as well as helping the Group to better manage the way it repairs its own vehicles. The Group allocated £3.0 million of the excess purchase price to goodwill.

In July 2019, the Group acquired S.H.B. Hire Limited ("S.H.B."), one of the United Kingdom's largest providers of flexible/long-term rental vehicles to commercial customers. The Group allocated £79.5 million of the excess purchase price to goodwill.

The Group has accounted for acquisitions in accordance with the purchase method and, accordingly, the results of the acquired entities' operations are included in the Group's financial statements from the date of acquisition. The Group allocated the purchase price of acquisitions to the identifiable assets and liabilities and recorded the excess cost over the fair value of the net identifiable assets acquired as goodwill. The Group is amortising the goodwill over a ten-year period, starting from the date of acquisition. Transaction-related costs incurred to affect a business combination are expensed as incurred, except for the cost to issue debt related to the acquisition.

In November 2019 and March 2020, the trade and assets of Burnt Tree Group Limited and S.H.B., respectively, were transferred to the Company resulting in hive up transactions. These transactions have been accounted for using the merger accounting method (see notes 12 and 14).

Foreign currencies

Transactions during the period denominated in foreign currencies have been translated at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities are translated at the rates prevailing at the Statement of Financial Position date. The resulting profits or losses are dealt with in the profit and loss account.

NOTES TO THE ACCOUNTS

at 31 July 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

The Group operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 Group's accounting policies.

Residual values and useful lives

In determining estimated residual values and depreciation rates on vehicles, management considers many factors, including used car market conditions, anticipated holding periods, fleet mix, buyback guarantees and historical experience. Management regularly monitors residual values and the need, if any, to adjust depreciation rates.

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising from business combinations (see note 12). This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect to similar businesses.

The annual depreciation and amortisation charge on tangible fixed assets, goodwill and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values of the assets are amended when necessary to reflect current estimates (see notes 12 and 13).

Debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the aging profile of the debtor and historical experience.

Vehicle self-insurance liability

The Group generally retains the risk of loss for bodily injury and property damage claims and provides for estimated losses in vehicle liability self-insurance reserves. The reserves represent an estimate for both reported accident claims not yet paid and claims incurred, but not yet reported, up to the Group's risk retention levels. The Group estimates the required reserves for such claims on an undiscounted basis utilising an actuarial method that is based upon various assumptions which include, but are not limited to, the Group's historical loss experience and projected loss development factors. If actual results of these claims differ from the estimates made, the Group's recorded reserves are adjusted accordingly.

4. TURNOVER

Turnover, which is stated exclusive of value added tax, represents income earned from renting vehicles in the UK.

The directors consider the renting of vehicles to be the only material line of business and the UK to be the only geographic location in which the Group operates.

Enterprise Rent-A-Car UK Limited

NOTES TO THE ACCOUNTS

at 31 July 2020

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2020 £000	2019 £000
Depreciation on tangible fixed assets (note 13)	350,977	300,013
Operating lease rentals – motor vehicles	13,523	14,527
Operating lease rentals – land and buildings	29,524	29,325
Amortisation of goodwill and intangibles (note 12)	14,889	7,444
Profit on disposal of tangible fixed assets	(78,015)	(90,925)

Auditor's remuneration is borne by the US Parent.

6. DIRECTORS' REMUNERATION

One director served throughout the year, and the remaining directors were appointed on 11 October 2019. One director's services to the Group occupied a significant amount of his time and this director considers that he has received remuneration of £390,000 for his services to the Group for the year ended 31 July 2020 (2019: £nil). The remaining directors' services to the Group did not occupy a significant amount of their time, as they were also the director or officer of a number of the companies within The Crawford Group, Inc., the ultimate parent company and controlling party (see note 20). As such, these remaining directors do not consider that they have received any remuneration for their incidental services to the Group for the years ended 31 July 2020 and 31 July 2019.

	2020 £000	2019 £000
Directors' remuneration:		
Aggregate remuneration in respect of qualifying services	390	-
	<u>390</u>	<u>-</u>
In respect to the highest paid director:		
Aggregate remuneration	390	-
Accrued pension at the end of the year	3	-
	<u>393</u>	<u>-</u>

7. STAFF COSTS

Staff costs (including directors) consist of the following:

	2020 £000	2019 £000
Wages and salaries	191,266	188,008
Social security costs	20,882	20,821
Pension costs	4,556	11,085
	<u>216,704</u>	<u>219,914</u>

Enterprise Rent-A-Car UK Limited

NOTES TO THE ACCOUNTS

at 31 July 2020

7. STAFF COSTS (CONTINUED)

The average weekly number of persons employed by the Group during the year was as follows:

	2020 Number	2019 Number
Administration	2,796	2,094
Sales	3,155	2,944
	<u>5,951</u>	<u>5,038</u>
Directors accruing benefits under defined contribution pension schemes	<u>1</u>	<u>-</u>

8. OTHER OPERATING INCOME

Other operating income consists of the following:

	2020 £000	2019 £000
Government support	10,607	-
	<u>10,607</u>	<u>-</u>

During the year, the Group was in receipt of government support in relation to the JRS (see note 2). The JRS allows for businesses to submit claims for repayment of furlough or flexible furlough employee wages as a result of COVID-19.

9. INTEREST PAYABLE

	2020 £000	2019 £000
Amounts paid to fellow subsidiary undertakings	40,551	35,559
	<u>40,551</u>	<u>35,559</u>

Enterprise Rent-A-Car UK Limited

NOTES TO THE ACCOUNTS at 31 July 2020

10. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

(a) Tax charge on (loss)/profit on ordinary activities

	2020 £000	2019 £000
<i>UK corporation tax</i>		
UK corporation tax on (loss)/profit of the period	18,915	22,956
Group relief receivable	(888)	(200)
Adjustments in respect of previous periods	(495)	11
	<u>17,532</u>	<u>22,767</u>
<i>Deferred taxation</i>		
Originating and reversal of timing differences	(14,884)	(11,531)
Adjustments in respect of previous periods	2,348	47
	<u>(12,536)</u>	<u>(11,484)</u>
	<u>4,996</u>	<u>11,283</u>

(b) Factors affecting the tax charge for the period

The tax assessed on the (loss)/profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2020 £000	2019 £000
(Loss)/profit on ordinary activities	(21,462)	29,122
(Loss)/profit on ordinary activities multiplied by standard rate of UK corporation tax 19% (2019: 19%)	(4,078)	5,533
<i>Effects of:</i>		
Disallowed expenses and non-taxable income	9,185	4,745
Group relief receivable	(888)	(200)
Movement on unrecognised deferred tax	(896)	18
Rate change adjustment	(817)	1,129
Adjustments in respect of current period	637	-
Adjustments in respect of previous periods	1,853	58
	<u>4,996</u>	<u>11,283</u>

Refer to note 17, Provisions for Liabilities and Charges.

11. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

As the Parent Company for the Group, Enterprise Rent-A-Car UK Limited has taken advantage of the exemption not to disclose its UK profit and loss account.

Enterprise Rent-A-Car UK Limited

NOTES TO THE ACCOUNTS

at 31 July 2020

12. GOODWILL AND INTANGIBLE ASSETS

Group:

	<i>Goodwill £000</i>	<i>Intangibles £000</i>	<i>Total £000</i>
<i>Cost:</i>			
At 1 August 2019	145,811	827	146,638
Acquisition of subsidiary undertakings	1,706	-	1,706
At 31 July 2020	147,517	827	148,344
<i>Amortisation:</i>			
At 1 August 2019	32,589	551	33,140
Provided during the year	14,723	166	14,889
At 31 July 2020	47,312	717	48,029
<i>Carrying Amount:</i>			
At 31 July 2020	100,205	110	100,315
At 31 July 2019	113,222	276	113,498

Goodwill arising on the acquisition of Burnt Tree is being amortised evenly over the directors' estimate of its useful life of 10 years. The estimate of the useful life is based on a variety of factors, including an estimate of the revenue forecasted to be generated by customers existing at the acquisition date and a history of strong financial performance.

Goodwill arising on the acquisition of City Car Club is being amortised evenly over the directors' estimate of its useful life of 10 years. The estimate of the useful life is based on a variety of factors and is primarily due to the fact that the business is an extension of the Group's core daily rental operations.

Goodwill arising on the acquisition of E.M.A Computer Solutions (2018) Limited (see note 2 - Acquisitions) is being amortised evenly over the directors' estimate of its useful life of 10 years. The estimate of useful life is based on the acquisition providing an extension of the technology that is used as part of the daily rental operations and specifically the insurance replacement channel.

Goodwill arising on the acquisition of S.H.B. Hire Limited (see note 2 - Acquisitions) is being amortised evenly over the directors' estimate of its useful life of 10 years. The estimate of the useful life is based on a variety of factors, including an estimate of the revenue forecasted to be generated by customers existing at the acquisition date and the fact that the business is an extension of the Group's flexible/long-term rental operations.

Computer software intangible assets arising on the acquisition of Repair Funding Limited are being amortised evenly over the directors' estimate of the useful life of 5 years.

Company:

Subsequent to acquisition, the trade and assets of City Car Club, Burnt Tree, and S.H.B. Hire Limited were transferred to the Company resulting in hive up transactions (see note 2 - Acquisitions). The carrying amount of the investments has been reduced to £nil and the Company goodwill related to the transactions is £97,513,000 (net of accumulated amortisation of £46,714,000) as of 31 July 2020.

Enterprise Rent-A-Car UK Limited

NOTES TO THE ACCOUNTS at 31 July 2020

13. TANGIBLE FIXED ASSETS

<i>Group:</i>	<i>Vehicle Equipment £000</i>	<i>Land and Freehold Buildings £000</i>	<i>Furniture & Equipment £000</i>	<i>Computer Equipment & Software £000</i>	<i>Leasehold Improvements £000</i>	<i>Total £000</i>
<i>Cost:</i>						
At 1 August 2019	1,867,008	31,985	26,707	14,537	58,378	1,998,615
Additions	771,243	1,033	5,279	4,925	8,288	790,768
Disposals	(864,740)	(388)	(731)	(1,855)	(1,985)	(869,699)
Recategorizations	-	(1,789)	(1,188)	(1)	2,978	-
At 31 July 2020	1,773,511	30,841	30,067	17,606	67,659	1,919,684
<i>Depreciation:</i>						
At 1 August 2019	315,028	7,318	18,769	11,056	27,466	379,637
Charge for the year	338,623	1,290	2,953	3,219	4,892	350,977
Disposals	(226,646)	(90)	(165)	(827)	(395)	(228,123)
Recategorizations	-	(367)	(853)	(1)	1,221	-
At 31 July 2020	427,005	8,151	20,704	13,447	33,184	502,491
<i>Net Book Value:</i>						
At 31 July 2020	1,346,506	22,690	9,363	4,159	34,475	1,417,193
At 31 July 2019	1,551,980	24,667	7,938	3,481	30,912	1,618,978

Recorded within Vehicle Equipment is £117,902,000 (2019: £73,870,000) of used cars that will be sold within one year of the Statement of Financial Position date.

Enterprise Rent-A-Car UK Limited

NOTES TO THE ACCOUNTS at 31 July 2020

13. TANGIBLE FIXED ASSETS (CONTINUED)

<i>Company:</i>	<i>Vehicle Equipment £000</i>	<i>Land and Freehold Buildings £000</i>	<i>Furniture & Equipment £000</i>	<i>Computer Equipment & Software £000</i>	<i>Leasehold Improvements £000</i>	<i>Total £000</i>
<i>Cost:</i>						
At 1 August 2019	1,069,459	30,364	22,416	14,035	58,182	1,194,456
Additions	680,722	1,033	1,959	3,858	7,253	694,825
Disposals	(776,327)	(387)	(731)	(948)	(1,315)	(779,708)
Recategorizations	-	(1,789)	(1,188)	(1)	2,978	-
Transfers in	799,657	1,620	7,606	506	1,233	810,622
At 31 July 2020	1,773,511	30,841	30,062	17,450	68,331	1,920,195
<i>Depreciation:</i>						
At 1 August 2019	151,843	6,954	17,607	10,810	27,345	214,559
Charge for the year	271,293	1,290	2,515	2,800	4,843	282,741
Disposals	(195,754)	(90)	(116)	(549)	(151)	(196,660)
Recategorizations	-	(367)	(853)	(1)	1,221	-
Transfers in	199,623	364	1,548	270	598	202,403
At 31 July 2020	427,005	8,151	20,701	13,330	33,856	503,043
<i>Net Book Value:</i>						
At 31 July 2020	1,346,506	22,690	9,361	4,120	34,475	1,417,152
At 31 July 2019	917,616	23,410	4,809	3,225	30,837	979,897

Recorded within Vehicle Equipment is £117,902,000 (2019: £66,075,000) of used cars that will be sold within one year of the Statement of Financial Position date.

14. INVESTMENTS

<i>Company:</i>	<i>2020 £000</i>	<i>2019 £000</i>
Shares at cost:		
Burnt Tree Holdings Limited	-	77,567
Burnt Tree Group Limited	-	5,515
Repair Funding Limited	-	2,191
S.H.B. Hire Limited	-	117,064
	-	202,337

Subsequent to acquisition, the trade and assets of Burnt Tree and S.H.B. Hire Limited were transferred to the Company resulting in hive up transactions. The carrying amount of the investments has been reduced to £nil and the difference arising from the original investment and the net goodwill balance (see note 12) was established as a merger reserve in the Statement of Financial Position.

During the year, the operations for Repair Funding Limited ceased and the carrying value of the investment was deemed to be unrecoverable. As a result, the Company recognised a £2,191,000 impairment charge.

Enterprise Rent-A-Car UK Limited

NOTES TO THE ACCOUNTS

at 31 July 2020

14. INVESTMENTS (CONTINUED)

All of the investments represent 100% of the issued share capital of the respective company, each of which is registered in England. Details are as follows:

<i>Name of Company</i>	<i>Holding</i>	<i>Proportion Held</i>	<i>Nature of Business</i>
Burnt Tree Holdings Limited	Ordinary shares	100%	Holding Company
Burnt Tree Group Limited	Ordinary shares	100%	Renting of commercial vehicles in the UK
Repair Funding Limited	Ordinary shares	100%	Provides supplier payment support in the UK
S.H.B. Hire Limited	Ordinary shares	100%	Renting of commercial vehicles in the UK
Entegral Holdings Limited	Ordinary shares	100%	Holding Company

The subsidiary undertakings identified below are exempt from the Companies Act of 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this Company has guaranteed the subsidiary companies under Section 479C of the Act.

Burnt Tree Holdings Limited (registered number 05586365)
 Burnt Tree Vehicle Solutions Limited (registered number 05587476)
 Repair Funding Limited (registered number 07800035)
 S.H.B. Hire Limited (registered number 01391731)
 Entegral Holdings Limited (registered 09877769)
 Bodyshop Management Solutions Limited (registered 06213700)
 CAPS Consortium Limited (registered 06044682)
 E.M.A Computer Solutions (2018) Limited (registered 11155095)

15. DEBTORS

	<i>Group</i>		<i>Company</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	331,881	313,437	331,312	277,794
Prepayments, other debtors and accrued income	49,515	78,465	49,447	64,579
Deferred tax asset	22,016	8,916	22,024	18,233
Amounts owed by fellow subsidiary undertakings	111	463	111	463
	<u>403,523</u>	<u>401,281</u>	<u>402,894</u>	<u>361,069</u>

Enterprise Rent-A-Car UK Limited

NOTES TO THE ACCOUNTS

at 31 July 2020

16. CREDITORS: amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2020	2019	2020	2019
	£000	£000	£000	£000
Customer deposits	-	6,474	-	6,474
Bank overdrafts	13,337	12,102	13,337	12,100
Trade creditors	93,754	95,422	93,313	84,210
Current income taxes payable	9,495	13,436	-	12,934
Other creditors and accruals	168,598	176,376	167,925	173,953
Other taxes and social security costs	58,270	7,647	58,290	6,298
Amounts owed to fellow subsidiary undertakings	1,381,589	1,606,352	1,372,522	1,031,092
	<u>1,725,043</u>	<u>1,917,809</u>	<u>1,705,387</u>	<u>1,327,061</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

Group:

	<i>Provision for Dilapidations £000</i>	<i>Provision for Deferred Tax £000</i>
At 1 August 2019	1,526	(8,916)
Profit and loss account	1,735	(12,536)
Deferred tax asset recognised on acquisition	-	(564)
At 31 July 2020	<u>3,261</u>	<u>(22,016)</u>

Company:

	<i>Provision for Dilapidations £000</i>	<i>Provision for Deferred Tax £000</i>
At 1 August 2019	1,331	(18,233)
Burnt Tree Group Limited dilapidation balance transfer	195	-
Profit and loss account	1,735	(3,791)
At 31 July 2020	<u>3,261</u>	<u>(22,024)</u>

Provision for Dilapidations

A provision is recognised for the obligation to restore certain leasehold premises to the condition specified in the lease on termination.

Enterprise Rent-A-Car UK Limited

NOTES TO THE ACCOUNTS at 31 July 2020

17. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Provision for Deferred Tax

Deferred tax recognised and unrecognised is made up as follows:

Group:

	2020 £000	2020 £000	2019 £000	2019 £000
	Recognised	Unrecognised	Recognised	Unrecognised
Accelerated capital allowances	15,818	(2)	25,132	-
Short-term timing differences	(37,834)	(18)	(34,048)	(1)
Tax losses carried forward	-	(465)	-	(1,381)
	<u>(22,016)</u>	<u>(485)</u>	<u>(8,916)</u>	<u>(1,382)</u>

Company:

	2020 £000	2020 £000	2019 £000	2019 £000
	Recognised	Unrecognised	Recognised	Unrecognised
Accelerated capital allowances	15,818	-	15,442	-
Short-term timing differences	(37,842)	-	(33,675)	-
	<u>(22,024)</u>	<u>-</u>	<u>(18,233)</u>	<u>-</u>

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been substantively enacted at the Statement of Financial Position date. Finance Act 2020, which amended the UK corporate tax rate to 19% on 1 April 2020, received Royal Assent on 22 July 2020. Accordingly, UK deferred tax assets and liabilities have been recognised at the rate of 19% for the year ended 31 July 2020. A deferred tax asset is recognised on the Group for £22,016,000 and the Company for £22,024,000 relating to short-term timing differences. The deferred tax asset is recorded within Debtors on the Statements of Financial Position, see note 15.

18. CALLED-UP SHARE CAPITAL

Company and Group:

	2020 £000	2019 £000
Allotted, called up and fully paid:		
51,972,000 Ordinary shares of £1 each	51,972	51,972
	<u>51,972</u>	<u>51,972</u>

Enterprise Rent-A-Car UK Limited

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19. COMMITMENTS AND CONTINGENCIES

The Group had the following annual commitments under non-cancellable operating leases at 31 July:

	2020	2019
	<i>Land and</i>	<i>Land and</i>
	<i>buildings</i>	<i>buildings</i>
	£000	£000
<i>Operating leases which expire:</i>		
within one year	17,326	18,675
within two to five years	24,303	32,254
after five years	19,636	32,083
	<u>61,265</u>	<u>83,012</u>

No commitments are disclosed for motor vehicle leases, given amounts are prepaid. In addition to the above, the Group enters into agreements on an annual basis with a number of different manufacturers to purchase vehicles to meet the requirements for its rental fleet. Certain of these agreements commit the Group to minimum purchase volumes. Based on the outstanding agreements, the Group had firm commitments for vehicle purchases totalling approximately £309,470,000 at 31 July 2020 (£192,751,000 at 31 July 2019).

20. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Group is a subsidiary of Enterprise Rent-A-Car UK Holdings Limited, a company registered in England and Wales. The parent undertaking of the smallest group of which the Group is a member and for which group financial statements are prepared is Enterprise Rent-A-Car European Holdings Limited, a company incorporated in England and Wales. Copies of the consolidated financial statements for Enterprise Rent-A-Car European Holdings Limited, which include the Group, are available from its principal place of business at Enterprise House, Melburne Park, Vicarage Road, Egham, Surrey TW20 9FB.

The parent undertaking of the largest group of which the Group is a member and for which group financial statements are prepared is The Crawford Group, Inc., a company incorporated in the state of Missouri in the United States of America. In the directors' opinion, The Crawford Group, Inc. is the Group's ultimate parent company and controlling party.

21. PENSIONS

The Group operates a defined contribution pension scheme. Contributions are based on pension costs across the ultimate parent company and controlling party as a whole. Outstanding contributions, included within other creditors and accruals as at 31 July 2020, were £1,075,000 (2019: £7,025,000).

22. RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemption in FRS 102 not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate parent company and controlling party.

There are no other related party transactions requiring disclosure in these financial statements.

NOTES TO THE ACCOUNTS
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23. EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

In preparing the accompanying financial statements, the Group has reviewed subsequent events that have occurred after 31 July 2020 through 2 February 2021, the date the financial statements were issued. A third mandatory COVID-19 lockdown was introduced in the UK in December 2020 but having adapted the UK business to accommodate these legal restrictions in previous lockdown periods, the Group has not experienced any material unforeseen impact since the Statement of Financial Position date. Furthermore, since the completion of the UK's withdrawal from the European Union ("Brexit") on 31 December 2020 and a formal separation deal being reached between the UK and the European Union, the Group has noted no material impact to the UK business. The Group has therefore noted no reportable subsequent events.