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COMPANIES HOUSE

AVIS INVESTMENT SERVICES (NO.2)
REGISTERED NUMBER 3650079

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

AVIS INVESTMENT SERVICES (NO.2)

DIRECTOR'S REPORT

The Directors present their report and the Financial Statements of the Company for the year ended 31 December 2011

Principal Activities

The Company is an intermediate holding company of the Avis Budget EMEA Limited group of companies

Review of the Business and Future Developments

The Company has not traded during the year. The Directors expect the Company to continue as an intermediate holding company in the coming year.

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

Results and Dividends

The Company did not enter into any transactions during the current or preceding year and accordingly has not presented a profit and loss account. No interim dividend was paid during the year (2010: nil). The Directors do not recommend the payment of a final dividend (2010: nil).

Financial Risk Management Objectives and Policies

The Directors consider that there is limited exposure to financial risk, as the majority of the Company's financial exposure is to other companies in the Avis Budget EMEA Limited (formerly Avis Europe plc) group. As such, the Directors have not implemented a policy for the Company. Instead, the Company's financial risk management objectives and policies are aligned to those of the Avis Budget EMEA Limited (formerly Avis Europe plc) group of companies, which are as disclosed in the consolidated financial statements of the Company's ultimate holding company, Avis Budget Group, Inc.

Payments to Creditors

It is the Company's practice to agree terms of payment at the start of business with each supplier, to ensure that suppliers are aware of the terms of payment, and to pay in accordance with contractual and other legal obligations. The Company had no trade creditors at 31 December 2011 (2010: nil).

Directors

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

S B D Fillingham
P L Ford (resigned 23 May 2012)
R Sachdeva (appointed 23 May 2012)

AVIS INVESTMENT SERVICES (NO.2)

DIRECTOR'S REPORT (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing their report and the Financial Statements in accordance with applicable law and regulations

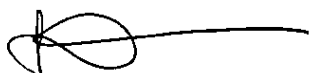
Company law requires the Directors to prepare Financial Statements for each financial year Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these Financial Statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements, and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

By Order of the Board



J A Nicholson
Company Secretary
14 September 2012

AVIS INVESTMENT SERVICES (NO.2)

BALANCE SHEET

as at 31 December 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Investments	4	12,216	12,216
Net assets		<u>12,216</u>	<u>12,216</u>
Capital and reserves			
Called-up share capital	5	12,216	12,216
Shareholder's funds - equity	6	<u>12,216</u>	<u>12,216</u>

The accompanying Notes on pages 4 to 6 form an integral part of these Financial Statements


For the year ended 31 December 2011 the Company was entitled to exemption from Audit under Section 480 of the Companies Act 2006 relating to dormant companies

Directors responsibilities

- the members have not required the Company to obtain an audit for the year in question in accordance with Section 476, and
- the Directors acknowledge their responsibilities for complying with the requirements of the Act in respect to accounting records and the preparation of accounts

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

The Financial Statements on pages 3 to 6 were approved by the Board on 14 September 2012 and were signed on its behalf by


S B D Fillingham
Director
Avis Investment Services (No 2)
Registered No 3650079

AVIS INVESTMENT SERVICES (NO.2)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

1. Statement of Accounting Policies

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

(a) Basis of Accounting

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

(b) Cash Flow Statement

The Company is included in the consolidated financial statements of Avis Budget Group, Inc, which are publicly available, and therefore has elected to utilise the exemption provided in FRS 1 (Revised 1996), Cash flow statements, and not produce a cash flow statement

(c) Investments

Investments are stated at cost less provision for any impairment where the recoverable amount is less than cost. The carrying values of investments are reviewed if events or changes in circumstances indicate the carrying value may not be recoverable, or that previously recognised impairments are no longer applicable. Any impairment of investments, or reversal of previously recognised impairment, are charged/(credited) to the profit and loss account in the year in which it arises

2. Directors' emoluments and employees

The Directors received no emoluments in respect of their services to the Company during the year (2010 nil)

The average number of Directors during the year was 2 (2010 2). There were no employees during the year (2010 nil)

3. Profit and loss account

During the current financial year and previous year the Company did not trade and received no income and incurred no expenditure. Therefore no profit and loss account has been presented

AVIS INVESTMENT SERVICES (NO.2)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

4. Investments

	Shares in subsidiary undertakings £000
Cost at 1 January 2011 and 31 December 2011	<u>12,216</u>

Details of the Company's investments in subsidiaries as at 31 December 2011 are set out below

Principal undertakings	Country of incorporation	Activity	% of the ordinary share capital owned
Avis Autovermietung GesmbH	Austria	Vehicle Rental	100
Avis Location de Voitures SARL	Luxembourg	Vehicle Rental	100

In accordance with FRS 11, Impairment of Fixed Assets and Goodwill, the Directors have undertaken an impairment review of the carrying value of its investments in subsidiary undertakings. No further provision has been recognised as a consequence of this review as at 31 December 2011 (2010: nil).

The impairment review was to ensure that the carrying value of the investments are stated at no more than their recoverable amount, being the higher of net realisable value and value in use.

In determining the value in use, the Directors calculated the present value of the estimated future cash flows expected to arise based on management's latest five-year plans, with extrapolation thereafter. The calculated value in use is sensitive to a number of assumptions which are discussed in turn below.

EBIT margin – The long-term EBIT margin is fixed by reference to management's estimated EBIT margin as at 2016.

Discount rate – Future cash flows are discounted using a post-tax discount rate of 5.2%.

Long-term growth rate – Cash flows beyond an initial five-year period are extrapolated using a long-term average nominal growth rate of 4.0% (2010: 4.0%) comprising a real growth rate of 2.2% and inflationary rate of 1.8%.

Exchange rate – The value in use calculation is performed in euros in line with the majority of the cash flows of the Company's subsidiaries. The resultant euro valuation is translated into sterling at the closing exchange rate. The main forecasted non-euro cash flows are denominated in sterling and are converted to euro based on a long-term euro/sterling exchange rate expected to be in place at the time of the forecast transaction. Most sterling cash flows are forecast to be converted into euro at a forecast exchange rate of 1.20.

In the opinion of the Directors, the value of the Company's investments in subsidiaries, are not less than the amount at which they are stated in the balance sheet.

AVIS INVESTMENT SERVICES (NO.2)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

5. Called-up share capital

	2010 and 2011 £000
Allotted, issued and fully paid share capital	
12,216,000 Ordinary Shares of £1 each	<u>12,216</u>

6. Reconciliation of movements in shareholder's funds

	2011 £000	2010 £000
Shareholder's funds at 1 January and 31 December	<u>12,216</u>	<u>12,216</u>

7. Commitments and contingencies

At 31 December 2011 and 31 December 2010 the Company had no financial commitments and no contingent liabilities

8. Ultimate parent undertaking

The Company is a subsidiary undertaking of Avis Europe Holdings Limited, which is part of the group of companies owned by Avis Budget EMEA Limited (formerly Avis Europe plc) Both these parent undertakings are registered in England and Wales

Until 2 October 2011 Avis Budget EMEA Limited (formerly Avis Europe plc) was the smallest parent undertaking to consolidate the Financial Statements of the Company The largest parent undertaking to consolidate the Financial Statements of the Company was s a D'leteren n v , which is incorporated in Belgium The ultimate controlling party of s a D'leteren n v is the D'leteren family

On 14 June 2011, the boards of directors of Avis Budget Group, Inc and Avis Europe plc reached agreement on the terms of a cash acquisition by AE Consolidation Limited (a wholly owned subsidiary of Avis Budget Group, Inc) of Avis Europe plc effected by means of Scheme of Arrangement under Part 26 of the Companies Act 2006 The effective date of the Scheme of Arrangement was 3 October 2011, at which time Avis Budget Group, Inc became the Company's ultimate holding company and the smallest and largest parent undertaking to consolidate the Financial Statements of the Company Avis Budget Group, Inc is incorporated in the United States of America and registered on NASDAQ The financial statements of Avis Budget Group, Inc are publicly available at www.avisbudgetgroup.com

9. Related party transactions

The Company has taken advantage of the exemption within FRS 8, Related Party Transactions, for wholly owned subsidiary undertakings not to disclose transactions with other entities within the same group The consolidated financial statements for Avis Budget Group, Inc , in which the Company is included, are publicly available at www.avisbudgetgroup.com